



Member
American Institute of
Certified Public Accountants
Society of Louisiana
Certified Public Accountants

Alcide J. Tervalon, Jr., CPA
Waldo J. Moret, Jr., CPA
Paul K. Andoh, Sr., CPA
Joseph A. Akanji, CPA
(Retired)
Michael B. Bruno, CPA (2011)

October 31, 2013

Mrs. Suzanne Elliott, CPA
Office of Legislative Auditor
State of Louisiana
1600 North Third Street
Baton Rouge, LA 70804-9397

Dear Mrs. Elliott:

We are submitting via e-mail attachment (1) one .pdf copy of **Housing Authority of the City of Slidell's** financial and compliance audit reports to include our other matters related to internal control report as of and for the year ended March 31, 2013. Also, enclosed is an executed Data Collection Form.

As always, should you have any questions or require additional information, please do not hesitate to contact me.

Very truly yours,

Paul K. Andoh, Sr., CPA
Partner

PKA,Sr./rhe

Attachments

cc: Ms. Shelia Danzey, Executive Director
Housing Authority of the City of Slidell

HOUSING AUTHORITY OF THE CITY OF SLIDELL
FINANCIAL AND COMPLIANCE AUDIT
TOGETHER WITH
INDEPENDENT AUDITORS' REPORT
FOR THE YEAR ENDED MARCH 31, 2013

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	6
STATEMENT OF NET POSITION--ENTERPRISE FUND MARCH 31, 2013	17
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION--ENTERPRISE FUND FOR THE YEAR ENDED MARCH 31, 2013	18
STATEMENT OF CASH FLOWS--ENTERPRISE FUND FOR THE YEAR ENDED MARCH 31, 2013	19
NOTES TO THE FINANCIAL STATEMENTS	21
SUPPLEMENTARY INFORMATION:	
Independent Auditors' Report on Supplementary Information	34
EXHIBIT I - Combining Statement of Net Position--Enterprise Fund March 31, 2013	36
EXHIBIT II - Combining Statement of Revenues, Expenses and Changes in Fund Net Position--Enterprise Fund For the Year Ended March 31, 2013	37
SCHEDULE I - Schedule of Expenditures of Federal Awards For the Year Ended March 31, 2013	39
SCHEDULE II - Financial Data Schedule - Combining Balance Sheet March 31, 2013	40
SCHEDULE III - Financial Data Schedule - Combining Income Statement For the Year Ended March 31, 2013	44

TABLE OF CONTENTS, CONTINUED

	<u>PAGE</u>
SCHEDULE IV - Statement of Capital Fund Program Costs (Incomplete) From Inception through March 31, 2013.....	49
SCHEDULE V - Statement of Capital Fund Program Costs (Complete) From Inception through March 31, 2013	50
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	51
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133	55
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED MARCH 31, 2013:	
Section I - Summary of Auditors' Results	60
Section II - Financial Statement Findings and Questioned Costs	62
Section III - Federal Award Findings and Questioned Costs	71
Section IV - Status of Prior Years' Audit Findings and Questioned Costs	95
Section V - Other Matters	159
EXIT CONFERENCE	162



Member
American Institute of
Certified Public Accountants
Society of Louisiana
Certified Public Accountants

Alcide J. Tervalon, Jr., CPA
Waldo J. Moret, Jr., CPA
Paul K. Andoh, Sr., CPA
Joseph A. Akanji, CPA

(Retired)
Michael B. Bruno, CPA (2011)

INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Housing Authority of the City of Slidell
Slidell, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the enterprise fund of **Housing Authority of the City of Slidell (the Authority)** as of and for the year ended March 31, 2013, and the related notes to the financial statements which collectively comprise **the Authority's** basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

INDEPENDENT AUDITORS' REPORT
(CONTINUED)

Board of Commissioners
Housing Authority of the City of Slidell
Slidell, Louisiana

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to **the Authority's** preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of **the Authority's** internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITORS' REPORT
(CONTINUED)

Board of Commissioners
Housing Authority of the City of Slidell
Slidell, Louisiana

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 6 through 16 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise **Housing Authority of the City of Slidell's** basic financial statements. The accompanying Exhibits I and II are presented for purposes of additional analysis and are not a required part of the basic financial statements.

INDEPENDENT AUDITORS' REPORT
(CONTINUED)

Board of Commissioners
Housing Authority of the City of Slidell
Slidell, Louisiana

Other Matters, Continued

Other Information, Continued

The Exhibits I and II are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, Exhibits I and II are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the enterprise fund of **the Authority**, as of March 31, 2013, and the respective changes in financial position and, cash flows, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

INDEPENDENT AUDITORS' REPORT
(CONTINUED)

Board of Commissioners
Housing Authority of the City of Slidell
Slidell, Louisiana

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2013 on our consideration of **the Authority's** internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering **the Authority's** internal control over financial reporting and compliance.

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS
New Orleans, Louisiana

October 29, 2013

HOUSING AUTHORITY OF THE CITY OF SLIDELL MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of **Housing Authority of the City of Slidell (the Authority)**, we offer readers of **the Authority's** financial statements this narrative overview and analysis of the financial activities of **the Authority** for the fiscal years ended March 31, 2013 and 2012. We encourage readers to consider the information presented here in conjunction with **the Authority's** accompanying financial statements.

FINANCIAL HIGHLIGHTS

The assets of **the Authority** exceeded its liabilities by \$9,847,579 and \$10,276,724 at March 31, 2013 and 2012 (*net position*). Of these amounts, \$2,354,549 and \$3,292,596 at March 31, 2013 and 2012 (*unrestricted net position*) may be used to meet **the Authority's** ongoing obligations to citizens and creditors.

Restricted net position were \$1,277,784 and \$1,110,845 at March 31, 2013 and 2012.

The Authority's enterprise fund reported net position of \$9,847,579 and \$10,276,724 at March 31, 2013 and 2012 reflecting decrease in net position of \$429,145 at March 31, 2013, and \$272,567 at March 31, 2012, respectively. These changes are primarily attributable to the financial impact of HUD's funding levels, changes in operating and non-operating income and prior period adjustments.

The Authority had dwelling rental revenues and fees of \$211,174 and \$221,619 for the years ended March 31, 2013 and 2012 respectively. Operating grants were \$3,444,511 in 2013 and \$4,252,496 in 2012. Capital contribution was \$235,137 in 2013 and \$360,280 in 2012 and non-operating revenues of \$161,002 (2013) and \$526,245 (2012).

Total operating expenses for the years ended March 31, 2013 and 2012 were \$4,700,251 and \$5,098,522.

HOUSING AUTHORITY OF THE CITY OF SLIDELL MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED

FINANCIAL HIGHLIGHTS, CONTINUED

In summary, operating and capital grants from the Federal government and dwelling rental constitutes 96.3% for 2013 and 90.6% for 2012, respectively of **the Authority's** total operating revenues. Non-operating revenues for the years ended March 31, 2013 and 2012 were 3.7% and 9.4%.

The Authority continues to operate without the need for debt borrowings through the current fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This management discussion and analysis is intended to serve as an introduction to **the Authority's** basic financial statements. **The Authority's** basic financial statements consist of two components: 1) fund financial statements, and 2) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves. **The Authority** is a special-purpose entity engaged in one business-type activity. Accordingly, only fund financial statements are presented as the basic financial statements.

Effective, April 1, 2004, **the Authority** adopted *Governmental Accounting Standards Board (GASB) Statement No. 34, Basic Financial Statements - Management's Discussion and Analysis - for State and Local Governments*.

REPORTING ON THE AUTHORITY AS A WHOLE

One of the most important questions asked about **the Authority's** finances, "Is **the Authority** as a whole better off, or worse off, as a result of the achievements of fiscal years 2013 and 2012? The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Fund Net Position report information about **the Authority** as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the *accrual basis* accounting, which is similar to the accounting used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received and/or spent.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED

FUND FINANCIAL STATEMENT

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific objectives. **The Authority**, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. **The Authority** has three federally funded programs that are consolidated into a single enterprise fund. The capital fund program rolls into the Low Rent Public Housing Program at the combined financial statement reporting level.

Low Rent Public Housing Program - **The Authority's** Low Rent Public Housing Program rents housing units to low-income families. The Low Rent Public Housing Program is operated under an Annual Contribution Contract with HUD. HUD provides an operating subsidy to enable **the Authority** to provide housing at a rent that is based upon 30% of adjusted gross household income of the participant.

Section 8 Housing Assistance - Housing Choice Voucher Program - The Housing Choice Voucher Program assist low income families with their rental payments in the private market. A housing assistance payment is paid directly to landlords on behalf of the families in the program. The families pay the difference between the rent charged by the landlord and the housing assistance payment provided by the program. **The Authority** is paid by HUD to administer the program.

Disaster Housing Assistance Program - This program provides transitional housing for families impacted by events caused by hurricane storms.

Capital Fund Program (CFP) - The Low Rent Public Housing Program also includes the CFP as the primary funding source for **the Authority's** physical and management improvements. CFP funding is provided by formula allocation and based upon size and age of **the Authority's** units.

HOUSING AUTHORITY OF THE CITY OF SLIDELL MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED

USING THIS ANNUAL REPORT

The Authority's annual report consists of financial statements that show information about **the Authority's** enterprise fund.

Our auditor has provided assurance in his independent auditor's report located immediately preceding this Management's Discussion and Analysis. That opinion is unmodified with respect to the basic financial statements. Varying degrees of assurances are being provided by the auditor regarding the other information included in this report. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each of the other parts of this report.

REPORTING ON THE AUTHORITY'S MOST SIGNIFICANT FUND

The Authority's financial statements provide detailed information about its most significant fund. Some funds are required to be established by the Department of Housing and Urban Development (HUD). However, **the Authority** may establish other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using grants and other money.

The Authority's enterprise fund used the following accounting approach:

Proprietary Funds - All of **The Authority's** services are reported in an enterprise fund. They are reported using the full accrual method of accounting in which all assets and all liabilities associated with the operation of these funds are included on the statement of net position. The focus of proprietary funds is on income measurement which, together with the maintenance of equity, is an important financial indicator.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED

FINANCIAL ANALYSIS

The Authority's net position were \$9,847,579 and \$10,276,724 at March 31, 2013 and 2012, respectively. Of this amount, \$2,354,549 and \$3,292,596 were unrestricted. The unrestricted net position of the Authority are available for future use to provide program services. Restricted net position were \$1,277,784 and \$1,110,845 at March 31, 2013 and 2012, respectively. Of the \$1,277,784 in restricted net position, \$467,849 in 2013 and \$1,110,845 in 2012 are reserved for future housing assistance payments.

Table 1
Condensed Statement of Net Position

The following table represents a condensed Statement of Net Position as of March 31, 2013 and 2012:

Condensed Statement of Net Position		
March 31		
<u>Assets</u>		
	<u>2013</u>	<u>2012</u>
Current assets	\$ 3,757,327	\$ 5,038,328
Capital assets, net	<u>6,215,246</u>	<u>5,873,283</u>
Total assets	<u>9,972,573</u>	<u>10,911,611</u>
<u>Liabilities</u>		
Current liabilities	115,842	634,887
Noncurrent liabilities	<u>9,152</u>	<u>-0-</u>
Total liabilities	<u>124,994</u>	<u>634,887</u>
<u>Net Position</u>		
Net position:		
Investment in capital assets, net	6,215,246	5,873,283
Restricted	1,277,784	1,110,845
Unrestricted	<u>2,354,549</u>	<u>3,292,596</u>
Total net position	<u>\$ 9,847,579</u>	<u>\$10,276,724</u>

**HOUSING AUTHORITY OF THE CITY OF SLIDELL
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

FINANCIAL ANALYSIS, CONTINUED

Table 2

Condensed Statements of Revenues, Expenses and Changes in Fund Net Position

The following table reflects the condensed Statement of Revenues, Expenses, and Changes in Fund Net Position for the years ended March 31, 2013 and 2012:

**Condensed Statements of Revenues, Expenses and Changes in Fund Net Position
For the Years Ended March 31**

	<u>2013</u>	<u>2012</u>
Revenues:		
Operating revenues	\$ <u>3,913,249</u>	\$ <u>4,719,331</u>
Total operating revenues	<u>3,913,249</u>	<u>4,719,331</u>
Expenses:		
Operating expenses	<u>(4,700,251)</u>	<u>(5,098,522)</u>
Total operating expenses	<u>(4,700,251)</u>	<u>(5,098,522)</u>
Operating income (loss)	<u>(787,002)</u>	<u>(379,191)</u>
Non-operating revenues:		
Non-operating revenues	<u>161,002</u>	<u>526,245</u>
Total non-operating revenues	<u>161,002</u>	<u>526,245</u>
Capital contributions:		
Capital contributions	<u>235,137</u>	<u>360,280</u>
Total capital contributions	<u>235,137</u>	<u>360,280</u>
Change in net position	(390,863)	507,334
Beginning net position, as restated	<u>10,238,442</u>	<u>9,769,390</u>
Ending net position	\$ <u>9,847,579</u>	\$ <u>10,276,724</u>

HOUSING AUTHORITY OF THE CITY OF SLIDELL
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED

EXPLANATIONS OF FINANCIAL ANALYSIS

Overall, net position decreased by 4.2% from 2012 to 2013.

That change in 2013 is primarily due to the net impact of prior period adjustments to address interfund out-of-balance coupled with a 17% decrease in operating revenues and 7.8% in expenses. Also, non-operating revenues decreased by 69% due to the decline in portability activity during 2013. Capital contribution decreased by 35% from 2012 due in part to the level of funding from HUD.

Compared with prior fiscal year, total operating, capital contribution and non-operating revenues in 2013 decreased by \$1,296,468 from a combination of larger offsetting factors.

Reasons for most of these changes are listed below:

- Tenant revenues decreased from \$221,619 in 2012 to \$211,174 in 2013, primarily because of a combination of changes in tenants' personal income levels which serve as a basis for tenant rent level calculation payments and the significant level of leased-up at the Washington Heights.
- Operating grants from HUD for the Low Rent Public Housing and Housing Choice Voucher Programs decreased from \$4,497,712 in 2012 to \$3,702,075 in 2013 due primarily to the level of leased-up in the Voucher Program impacting its earned grant and a one time set aside funds received in 2012 from HUD.
- Capital funds for modernization of projects decreased from \$360,280 in 2012 to \$235,137 in 2013 as a result of funding availability from HUD.
- Non-operating revenues decreased from \$526,245 in 2012 to \$161,002 in 2013 as a result of the leveling off in portability activities and varying interest rates.

Compared to the prior fiscal year, total operating expenses decreased from \$5,098,522 during 2012 to \$4,700,251 for the year ended March 31, 2013.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED

EXPLANATION OF FINANCIAL ANALYSIS, CONTINUED

Reasons for most of these changes are listed below:

- Decrease in the level of housing assistance payments to landlords from \$3,500,561 during 2012 to \$3,438,312 in 2013.
- Other significant changes were in the areas of contractual services, utilities, depreciation and supplies.

Overall, net position decreased from \$10,276,724 in 2012 to \$9,847,579 in 2013.

That change in 2013 is reflected in the decrease in cash of about 25.8%. Also, the net increase in capital assets of 5.8% was due to the acquisition of equipment and renovation projects, net of depreciation expense for the current year.

Overall, net position decreased by 2.6% from 2011 to 2012.

That change in 2012 is primarily due to the net impact of prior period adjustments to address interfund of out-of-balance condition.

Compared with prior fiscal year, total operating, capital contributions and non-operating revenues in 2012 increased by \$454,618 from a combination of larger offsetting factors.

Reasons for most of these changes are listed below:

- Tenant revenues increased from \$109,129 in 2011 to \$221,619 in 2012, primarily because of a combination of changes in tenants' personal income levels which serve as a basis for tenant rent level calculation payments and the significant level of leased-up at the Washington Heights.
- Operating grants from HUD for the Low Rent Public Housing and Housing Choice Voucher Programs increased from \$4,206,059 in 2011 to \$4,497,712 in 2012 due primarily to the level of leased-up in the Voucher Program impacting its earned grant and a one time set aside funds from HUD.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

EXPLANATION OF FINANCIAL ANALYSIS, CONTINUED

- Capital funds for modernization of projects increased from \$204,738 in 2011 to \$360,280 in 2012 as a result of funding availability from HUD.
- Non-operating revenues decreased from \$631,312 in 2011 to \$526,245 in 2012 as a result of leveling off in portability activities and varying interest rates.

Compared to the prior fiscal year, total operating expenses increased from \$4,908,755 in 2011 to \$5,098,522 for the year ended March 31, 2012.

Reasons for most of these changes are listed below:

- Increase in the level of housing assistance payments to landlords from \$3,252,489 during 2011 to \$3,500,561 in 2012.
- A decrease in employee compensation and related benefits impacted by the termination of the previous executive director. Other significant changes were in the areas of contractual services, utilities, depreciation and supplies.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At March 31, 2013 and 2012, **the Authority** had \$6,215,246 and \$5,873,283 invested in a broad range of capital assets, including land, buildings and building improvements. This amount represents a net increase (including additions, deductions and depreciation) of \$341,963.

Capital Assets, Net		
March 31		
	<u>2013</u>	<u>2012</u>
Land and land improvements	\$ 779,855	\$ 779,855
Buildings and buildings improvements	8,654,689	7,970,269
Furniture and equipment	573,861	640,367
Automobile	<u>18,181</u>	<u>21,743</u>
	10,026,586	9,412,234
Less accumulated depreciation expense	<u>(3,811,340)</u>	<u>(3,538,951)</u>
Total	<u>\$ 6,215,246</u>	<u>\$ 5,873,283</u>

The net change in capital assets of 5.8% was primarily due to the effects of depreciation expense and write-off of assets net of additions.

See Note 4 for additional information.

No debt was issued for these additions.

Debt

The Authority has no long-term debt at March 31, 2013 and 2012.

**HOUSING AUTHORITY OF THE CITY OF SLIDELL
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Authority is primarily dependent upon HUD for the funding of its operations; therefore **the Authority** is affected more by the Federal budget than by local economic conditions. The operating subsidies for the fiscal year ending March 31, 2014 have been approval by HUD.

Further, **the Authority** continues to be impacted by budgetary costs mandated by HUD specifically for its administrative fee component of its operating grant.

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

Our financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of **the Authority's** finances and to show **the Authority's** accountability for the money it receives. If you have questions about this report or wish to request additional financial information, contact the Executive Director, at Housing Authority of the City of Slidell, P.O. Box 1392 Slidell, LA 70459-1392 telephone number (985) 726-9000.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
STATEMENT OF NET POSITION- ENTERPRISE FUND
MARCH 31, 2013

ASSETS

Current assets:

Cash and temporary cash investment (NOTES 5 and 6)	\$2,375,939
Restricted cash (NOTES 5 and 6)	1,317,973
Accounts receivable - HUD (NOTE 15)	6,700
Amounts receivable (NOTE 2)	18,317
Investment (NOTE 11)	14,388
Prepaid item (NOTE 3)	<u>24,010</u>
Total current assets	<u>3,757,327</u>

Non-current assets:

Capital assets, net (NOTES 4 and 12)	<u>6,215,246</u>
Total non-current assets	<u>6,215,246</u>
Total assets	<u>9,972,573</u>

LIABILITIES

Current liabilities:

Amounts and other payables (NOTE 7)	65,592
Compensated absences payable (NOTE 13)	10,061
Security deposits held for tenants (NOTE 6)	<u>40,189</u>
Total current liabilities	<u>115,842</u>

Non-current liabilities:

Total non-current liabilities (NOTE 13)	<u>9,152</u>
Total liabilities	<u>124,994</u>

NET POSITION

Net position:

Investment in capital assets, net	6,215,246
Restricted (NOTE 17)	1,277,784
Unrestricted	<u>2,354,549</u>
Total net position	<u>\$9,847,579</u>

The accompanying notes are an integral part of the financial statements.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
FUND NET POSITION--ENTERPRISE FUND
FOR THE YEAR ENDED MARCH 31, 2013

Operating Revenues:	
HUD operating grants	\$ 3,444,511
Administrative fees earned	257,564
Dwelling rental and fees	<u>211,174</u>
Total operating revenues	<u>3,913,249</u>
Operating Expenses:	
Salaries and employee benefits	245,355
Materials and other	22,783
Contractual services	320,613
Utilities	97,801
Depreciation	325,383
Insurance	85,702
Housing assistance payments	3,319,368
Housing assistance payments - portability-in	118,944
Housing assistance payments - portability fees	10,825
Convention and travel	11,665
Telephone	7,931
Bad debt expense	2,232
Supplies	28,393
Postage	6,975
Tenant services	8,056
Membership dues and fees	2,311
Bank charges	4,147
Payment-in-lieu of taxes	80,000
General	<u>1,767</u>
Total operating expenses	<u>4,700,251</u>
Operating income (loss)	<u>(787,002)</u>
Non-operating revenues:	
Interest income	2,875
Other	<u>158,127</u>
Total non-operating revenues	<u>161,002</u>
Capital contributions:	
HUD capital grants	<u>235,137</u>
Total capital contributions	<u>235,137</u>
Change in net position	<u>(390,863)</u>
Net position, beginning of year	10,276,724
Prior period adjustments (NOTE 15)	<u>(38,282)</u>
Net position, beginning of year, as restated	<u>10,238,442</u>
Net position, end of year	<u>\$ 9,847,579</u>

The accompanying notes are an integral part of the financial statements.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
STATEMENT OF CASH FLOWS--ENTERPRISE FUND
FOR THE YEAR ENDED MARCH 31, 2013

Cash Flows used in Operating Activities	
Operating grants	\$ 3,695,375
Receipts from tenants	222,645
Payments to suppliers for goods and services	(1,200,187)
Payments to employees	(230,409)
Payments to landlords	<u>(3,449,137)</u>
Net cash used in operating activities	<u>(961,713)</u>
Cash Flows used in Capital and Related Financing Activities:	
Acquisition of capital assets, net	(667,346)
Capital contributions	235,137
Other non-operating receipts	<u>112,661</u>
Net cash used in capital and related financing activities	<u>(319,548)</u>
Cash Flows used in Investing Activities:	
Purchase of investment	<u>(283)</u>
Cash used in investing activities	<u>(283)</u>
Net decrease in cash	(1,281,544)
Cash, beginning of year	<u>4,975,456</u>
Cash, end of year	<u>\$ 3,693,912</u>

The accompanying notes are an integral part of the financial statements.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
STATEMENT OF CASH FLOWS--ENTERPRISE FUND
FOR THE YEAR ENDED MARCH 31, 2013

Reconciliation of Operating Loss to Net Cash used
in Operating activities:

Operating loss	\$(787,002)
Adjustments to reconcile operating loss to cash used in Operating activities:	
Depreciation	325,383
Changes in assets and liabilities:	
Decrease in prepaid item	5,028
Decrease in amounts and other payables	(521,572)
Increase in compensated absences payable	14,946
Decrease in security deposits	(3,267)
Decrease in amounts receivable	<u>4,771</u>
Net cash used in operating activities	<u>\$(961,713)</u>

The accompanying notes are an integral part of the financial statements.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - Organization and Summary of Significant Accounting Policies:

General

The Housing Authority of the City of Slidell (the Authority) was created on March 11, 1967, and is governed by a five (5) member Board of Commissioners, all appointed by the Mayor of the City of Slidell, and headed by an Executive Director. The Board and Executive Director are responsible for all activities of **the Authority**. **The Authority** has the power to sue and be sued, and make rules and regulations for its own government consistent with the laws of the State of Louisiana and City of Slidell.

As of March 31, 2013, **the Authority** was primarily engaged in the administration of Low-Income, Housing Choice Voucher and Disaster Assistance Housing Programs to low-income residents in the City of Slidell.

Under the Low Rent Public Housing Program, **the Authority** provides housing to eligible families under leasing arrangements. For the "Housing Choice Voucher" Program, (previously titled the Section 8 and Voucher programs) **the Authority** provides funds in the form of rental subsidies to owners on behalf of tenants. The Disaster Assistance Housing Program provides transitional assistance for families impacted by the events of hurricane storm damages.

Financial Reporting Entity

Government Accounting Standards Board (GASB) Statement No. 14, "Financial Reporting Entity", established standards for defining and reporting on the financial entity. GASB 14 indicates that the focal point for identifying the financial reporting entity is the primary government, which is considered to be any state government or local government or a special-purpose government that meets all of the following criteria: a) has a separately elected governing body; b) is legally separate; and c) is fiscally independent of other state and local governments.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - Organization and Summary of Significant Accounting Policies, Continued:

Financial Reporting Entity, Continued

The Authority was established as a separate legal entity with a governing board which is separate and independent of any other governmental "reporting entity" as defined by GASB 14. Accordingly, management has concluded that **the Authority** is a financial reporting entity within the meaning of the provisions of GASB 14.

Accordingly, **the Authority** is not a component unit of the City of Slidell's financial reporting entity.

Basis of Presentation

As required by Louisiana State Reporting Law (R.S. 24:514) and HUD regulations, **the Authority's** financial statements are presented in accordance with accounting principles generally accepted in the United States of America.

Specifically, the accounts of **the Authority** are accounted for under the proprietary fund. Accordingly, the accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America and applied to governmental units.

Proprietary Fund Type - A proprietary fund is accounted for on the flow of economic resources measurement focus and uses the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. **The Authority** applies all applicable FASB pronouncements in accounting and reporting for its proprietary operations. **The Authority's** fund include the following type:

Enterprise Fund - An enterprise fund is used to account for those operations that are financed and operated in a manner similar to private business or where the Board has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - Organization and Summary of Significant Accounting Policies, Continued:

Basis of Presentation, Continued

Pursuant to GASB 33 (Accounting and Financial Reporting for Non-Exchange Transactions), **the Authority** recognizes assets, liabilities, revenues and expenditures under its government-mandated and voluntary non-exchange transactions as follows:

- **The Authority** recognizes assets and liabilities when all applicable eligibility requirements are met or resources received, whichever is first;
- Revenues and expenses are recognized when all applicable eligibility requirements are met; and
- Transactions with time requirements received prior to the satisfaction of the time requirement(s) are recorded by **the Authority** as deferred revenue upon award.

Amounts Receivable

Amounts receivable are stated at net realizable value as required by accounting principles generally accepted in the United States of America. It is the practice of **the Authority** to expense uncollectible receivables upon determination of uncollectibility using the allowance method.

Interprogram Activities

All interprogram transactions, except quasi external transactions, advances and reimbursements are reported as transfers. Nonrecurring and permanent transfers of equity are reported as residual equity transfer. All other interprogram transfers are reported as operating transfers and recognized at the time the underlying event occurs. Interprogram due from and to are netted at the combined financial statement level.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - Organization and Summary of Significant Accounting Policies, Continued:

Land, Structures and Equipment

Land, structures and equipment are recorded at cost. Donated assets are valued at estimated fair value on the date donated. When assets are retired or otherwise disposed of, any resulting gain or loss is reflected in income for the period.

The costs of normal maintenance and repairs that do not add to the value of an asset or materially extend the asset's life are not capitalized in the enterprise fund.

The Authority follows the practice of capitalizing all structures and equipment over \$1,000 in the aggregate.

Structures and equipment are depreciated in the enterprise fund of **the Authority** using the following estimated useful lives.

<u>Assets</u>	<u>Estimated Useful Lives in Years</u>
Building	30- 40
Building improvements	15- 20
Equipment	3-7

Depreciation is computed using the straight-line method.

Under accounting principles generally accepted in the United States of America, capital assets are to be reviewed for impairment. A capital asset is considered impaired when its service utility has declined significantly and unexpectedly. At March 31, 2013, management has estimated and recorded the effect of adoption of GASB Statement No. 42, "Accounting for the Impairment of Capital Assets and for Insurance Recoveries".

HOUSING AUTHORITY OF THE CITY OF SLIDELL
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - Organization and Summary of Significant Accounting Policies, Continued:

Compensated Absences

The Authority follows Louisiana Civil Service regulations for accumulated annual and sick leave. Under those regulations, employees may accumulate up to three hundred (300) hours of annual leave which may be received upon separation or retirement. Sick leave hours accumulate, but the employee is not paid for accumulated sick leave hours if not used by his/her retirement or separation date.

The cost of current leave privileges computed in accordance with GASB Codification Section C60, is recognized as a current year expense in the enterprise fund when leave is earned.

Total Memorandum Only

The total column on the accompanying combining financial statements (supplementary information) are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Such data is not comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

Budgets

The Authority prepares an annual budget for its Low Rent Public Housing Program. Prior to the beginning of the fiscal year, the annual budget is approved by the Board of Commissioners. Budgetary amendments require approval by the Board.

However, budgetary authority is based on HUD's approval.

The Authority does not present budgeted to actual comparison for the enterprise fund as part of its financial statements as accounting principles generally accepted in the United States of America do not require such, despite adoption of an annual budget to include monthly budgeted to actual comparison reports for review by **the Authority's** Board of Commissioners.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - Organization and Summary of Significant Accounting Policies, Continued:

Statement of Cash Flows

For purposes of the statement of cash flows, **the Authority** considers all highly liquid investments with original maturity of ninety (90) days or less when purchased to be cash and temporary cash investments.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Net Position

The Authority has implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflow of Resources, and Net Position*, effective fiscal year 2013. This standard provides guidance for reporting the financial statement elements of deferred outflows of resources and deferred inflows of resources. Deferred outflows represent the consumption of **the Authority's** net position that is applicable to a future reporting period. A deferred inflow represents the acquisition of net position that is applicable to a future reporting period.

Because deferred outflows and deferred inflows are, by definition, neither assets nor liabilities, the statement of net assets, title is now referred to as the statement of net position. The statement of net position reports net position as the difference between all other elements in a statement of net position and should be displayed in three components: net investment in capital assets, restricted net position (distinguishing between major categories of restrictions), and unrestricted net position.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 2 - Amounts Receivable:

Amounts receivable as of March 31, 2013 consisted of the following:

	Housing Choice Voucher Program	Low Rent Public Housing Program	Total
Other Housing Authorities	\$16,633	\$ -0-	\$16,633
Tenant note receivable	<u>-0-</u>	<u>1,684</u>	<u>1,684</u>
Total	<u>\$16,633</u>	<u>\$1,684</u>	<u>\$18,317</u>

NOTE 3 - Prepaid Item:

Prepaid item at March 31, 2013, consisted of prepaid insurance of \$24,010.

NOTE 4 - Capital Assets, Net:

At March 31, 2013, capital assets, net consisted of the following:

<u>Description</u>	<u>Balance April 1, 2012</u>	<u>Addition</u>	<u>Deletions</u>	<u>Balance March 31, 2013</u>
Land and land improvements	\$ 779,855	\$ -0-	\$ -0-	\$ 779,855
Building and building improvements	7,970,269	684,420	-0-	8,654,689
Furniture and equipment	640,367	7,375	(73,881)	573,861
Automobile	<u>21,743</u>	<u>18,181</u>	<u>(21,743)</u>	<u>18,181</u>
Sub-total	9,412,234	709,976	(95,624)	10,026,586
Less accumulated depreciation	<u>(3,538,951)</u>	<u>(325,383)</u>	<u>52,994</u>	<u>(3,811,340)</u>
Total	<u>\$ 5,873,283</u>	<u>\$ 384,593</u>	<u>\$(42,630)</u>	<u>\$ 6,215,246</u>

HOUSING AUTHORITY OF THE CITY OF SLIDELL
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 5 - Cash and Temporary Cash Investment:

At March 31, 2013, the carrying amount of **the Authority's** deposits was \$3,693,912 and the bank balance was \$3,718,472. Of this amount \$250,000 was covered by federal depository insurance and \$1,955,156 collateralized by a pledge of securities in the joint name of **the Authority** and the financial institution.

Custodial credit risk is the risk that, in the event of a failure by the financial institution, **the Authority's** deposits may not be returned to it. **The Authority** has no deposit policy for custodial credit risk.

Louisiana state law allows all political subdivisions to invest excess funds in obligations of the United States, certificates of deposit of state or national banks having their principal offices in Louisiana or any other federally insured investment.

State law also requires that deposits in banks of all political subdivisions be fully collateralized at all times. Acceptable collateralization includes FDIC insurance and the market value of securities purchased and pledged to the political subdivision. Obligations of the United States, the State of Louisiana and certain political subdivisions are allowed as security for deposits. Obligations furnished as security must be held by the political subdivision or with an unaffiliated bank or trust company for the account of the political subdivision.

On March 31, 2013 and at various times during the year then ended, deposits in excess of FDIC insurance coverage were collateralized by the securities previously described.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 5 - Cash and Temporary Cash Investment, Continued:

At March 31, 2013, cash and temporary cash investments (including restricted cash) consisted of the following:

	<u>Housing Choice Voucher Program</u>	<u>Low Rent Public Housing Program</u>	<u>Disaster Housing Assistance Program</u>	<u>Total</u>	<u>Interest Rate at Maturity</u>	<u>Maturity</u>
Cash on Hand	\$ -0-	\$ 250	\$ -0-	\$ 250	N/A	N/A
Demand Deposits	748,976	217,933	-0-	966,909	N/A	N/A
Sweep Accounts	-0-	1,850,739	66,080	1,916,819	Varying	Daily
Savings Account	<u>-0-</u>	<u>809,934</u>	<u>-0-</u>	<u>809,934</u>	Varying	Daily
Total	<u>\$748,976</u>	<u>\$2,878,856</u>	<u>\$66,080</u>	<u>\$3,693,912</u>		

A recap of cash and temporary cash investment at March 31, 2013 follows:

Cash and temporary cash investments	\$2,375,939
Restricted cash	<u>1,317,973</u>
	<u>\$3,693,912</u>

NOTE 6 - Restricted Cash:

At March 31, 2013, restricted cash consisted of \$40,189 in security deposits received and held on behalf of tenants. These deposits are stated at cost, which approximates market.

Also, included in restricted cash is \$467,849 of housing assistance payments (HAP) reserved for future HAP payments (see NOTE 17 for additional discussion) and \$809,935 for modernization and development.

The total restricted cash of \$1,317,973 represents the carrying amount and bank balance at March 31, 2013. Further, the amount is collateralized as previously described in NOTE 5.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 7 - Amounts and Other Payables:

Amounts and other payables at March 31, 2013, consisted of the following:

	Low Rent Public Housing <u>Program</u>	Housing Choice Voucher <u>Program</u>	<u>Total</u>
Accounts payable to vendors	\$52,448	\$2,900	\$55,348
Federal & State taxes payable	<u>7,669</u>	<u>2,575</u>	<u>10,244</u>
Total	<u>\$60,117</u>	<u>\$5,475</u>	<u>\$65,592</u>

NOTE 8 - Risk Management:

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; for which **the Authority** carries commercial insurance. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

NOTE 9 - Concentration of Credit Risk:

The Authority receives primarily all of its revenues from dwelling rental and the Department of Housing and Urban Development (HUD). If the amount of revenues received from both dwelling rental and HUD falls below contract levels, **the Authority's** operating results could be adversely affected.

NOTE 10 - Contingencies:

The Authority is subject to possible examinations by regulatory agencies who determine compliance with laws and regulations governing grants provided to **the Authority**. These examinations may result in required refunds by **the Authority** to the agencies and/or program beneficiaries.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 11 - Investment:

At March 31, 2013, **the Authority** has invested in a retirement trust, \$14,388 in income investment.

NOTE 12 - Commitments:

At March 31, 2013, **the Authority** has executed agreements with HUD totaling \$400,365 for various modernization, capital fund acquisitions and management improvement projects (see Schedule IV). Balance of funds remaining at March 31, 2013 was \$180,723 (see Schedule IV).

NOTE 13 - Compensated Absences Payable:

Compensated absences payable at March 31, 2013 of \$19,213 represents unpaid accrued vacation earned by employees.

A breakdown follows:

Current portion	\$10,061
Noncurrent portion	<u>9,152</u>
	<u>\$19,213</u>

\$-0- of the noncurrent portion is due within one year.

NOTE 14 - Per Diem to Board Members:

During the year ended March 31, 2013, no board member received per diem in his or her capacity as a commissioner.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 15 - Restatement of Beginning Net Position:

Net position at the beginning of the year has been restated to properly account for the effect of transactions resulting from an analysis and reconciliation of interfund activities.

On March 26, 2013, the Board of Commissioners authorized the write-off of an interfund out-of-balance condition totaling \$631,956 which was previously recorded as an offset to net assets for the Low Rent Public Housing Program during the year ended March 31, 2012.

Further, a review performed during the year ended March 31, 2013 by HUD resulted in the final close-out of the DHAP program. Based on a memorandum from HUD, **the Authority** was required to and returned funds totaling \$432,377 in two installment payments on July 31, 2012 and August 31, 2012, respectively. Also the final close-out process resulted in a receivable of \$6,700 at March 31, 2013, due to **the Authority**.

NOTE 16 - Retirement Plan:

On July 1, 2009, **the Authority** adopted a Housing Agency Retirement Trust (HART). The Plan qualifies under Internal Revenue code Section 401(a).

Eligibility is open to all regular full-time employees defined as individuals attaining the age of twenty-five (25) and completing twelve (12) months of continuous and uninterrupted employment. Contributions to the plan is at ten (10%) percent by **the Authority** and five (5%) percent by the employee using their base rate of pay.

For the year ended March 31, 2013, \$-0- had been contributed by **the Authority** and its eligible employees.

NOTE 17 - Restricted Net Position:

At March 31, 2013 restricted net position represent funds restricted to future payments on housing assistance payments and modernization and development projects.

SUPPLEMENTARY INFORMATION

**INDEPENDENT AUDITORS' REPORT
ON
SUPPLEMENTARY INFORMATION**

Board of Commissioners
Housing Authority of the City of Slidell
Slidell, Louisiana

**Report on Schedule of Expenditures of Federal Awards
Required by OMB Circular A-133**

Our report on our audit of the financial statements of **Housing Authority of the City of Slidell (the Authority)** appears on page 1. That audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole.

The accompanying Schedule of Expenditures of Federal Awards (Schedule I) is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Schedule I is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information in Schedule I has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, Schedule I is fairly stated in all material respects in relation to the financial statements taken as a whole.

INDEPENDENT AUDITORS' REPORT
ON
SUPPLEMENTARY INFORMATION
(CONTINUED)

The supplementary information (Schedules II, III, IV, and V) which is required by HUD is prepared in accordance with accounting principles generally accepted in the United States of America, and is not a required part of the financial statements, has been subjected to auditing procedures applied in the audit of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, Schedules II, III, IV, and V are fairly stated in all material respects in the relation to the financial statements taken as a whole.

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS
New Orleans, Louisiana

October 29, 2013

EXHIBIT I

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SLIDELL, LOUISIANA
COMBINING STATEMENT OF NET POSITION--ENTERPRISE FUND
MARCH 31, 2013

	Operating Fund Program	Capital Fund Program	Sub-total	Housing Choice Voucher Program	Disaster Housing Assistance Program	Sub-total	Totals (Memorandum Only)
ASSETS							
Cash and temporary cash investment	\$2,028,732	\$ -0-	\$2,028,732	\$ 281,127	\$66,080	\$ 347,207	\$ 2,375,939
Cash-restricted modernization and development	809,935	-0-	809,935	-0-	-0-	-0-	809,935
Restricted cash	40,189	-0-	40,189	467,849	-0-	467,849	508,038
Accounts receivable - HUD	-0-	-0-	-0-	-0-	6,700	6,700	6,700
Amounts receivable	1,684	-0-	1,684	16,633	-0-	16,633	18,317
Investment	14,388	-0-	14,388	-0-	-0-	-0-	14,388
Prepaid item	24,010	-0-	24,010	-0-	-0-	-0-	24,010
Due from other funds	460,153	-0-	460,153	-0-	-0-	-0-	460,153
Capital assets, net	6,203,184	-0-	6,203,184	12,062	-0-	12,062	6,215,246
Total assets	9,582,275	-0-	9,582,275	777,671	72,780	850,451	10,432,726
LIABILITIES							
Amounts and other payables	60,117	-0-	60,117	5,475	-0-	5,475	65,592
Compensated absences payable	3,795	-0-	3,795	15,418	-0-	15,418	19,213
Security deposits held for tenants	40,189	-0-	40,189	-0-	-0-	-0-	40,189
Due to other funds	-0-	-0-	-0-	451,025	9,128	460,153	460,153
Total liabilities	104,101	-0-	104,101	471,918	9,128	481,046	585,147
Net Position							
Investment in capital assets, net	6,203,184	-0-	6,203,184	12,062	-0-	12,062	6,215,246
Restricted	809,935	-0-	809,935	467,849	-0-	467,849	1,277,784
Unrestricted	2,465,055	-0-	2,465,055	(174,158)	63,652	(110,506)	2,354,549
Total net position	\$ 9,478,174	\$ -0-	\$ 9,478,174	\$ 305,753	\$63,652	\$ 369,405	\$ 9,847,579

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SLIDELL, LOUISIANA
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
FUND NET POSITION--ENTERPRISE FUND
FOR THE YEAR ENDED MARCH 31, 2013

	Operating Fund Program	Capital Fund Program	Sub-total	Housing Choice Voucher Program	Disaster Housing Assistance Program	Sub-total	Totals (Memorandum Only)
Operating Revenues:							
Dwelling rental and fees	\$ 211,174	\$ -0-	\$ 211,174	\$ -0-	\$ -0-	\$ -0-	\$ 211,174
HUD operating grants	389,951	518,130	908,081	2,529,730	6,700	2,536,430	3,444,511
Administrative fees earned	-0-	-0-	-0-	257,564	-0-	257,564	257,564
Total operating revenues	601,125	518,130	1,119,255	2,787,294	6,700	2,793,994	3,913,249
Operating Expenses:							
Salaries and employee benefits	83,355	-0-	83,355	158,092	3,908	162,000	245,355
Materials and other	22,783	-0-	22,783	-0-	-0-	-0-	22,783
Contractual services	238,790	-0-	238,790	76,603	5,220	81,823	320,613
Utilities	93,785	-0-	93,785	4,016	-0-	4,016	97,801
Depreciation	324,296	-0-	324,296	1,087	-0-	1,087	325,383
Insurance	76,772	-0-	76,772	8,930	-0-	8,930	85,702
Housing assistance payments	-0-	-0-	-0-	3,319,368	-0-	3,319,368	3,319,368
Housing assistance payments - portability-in	-0-	-0-	-0-	118,944	-0-	118,944	118,944
Housing assistance payments - portability fees	-0-	-0-	-0-	10,825	-0-	10,825	10,825
Convention and travel	8,378	-0-	8,378	3,287	-0-	3,287	11,665
Telephone	3,555	-0-	3,555	4,376	-0-	4,376	7,931
Bad debt expense	2,232	-0-	2,232	-0-	-0-	-0-	2,232
Supplies	17,474	-0-	17,474	10,919	-0-	10,919	28,393
Postage	1,430	-0-	1,430	5,545	-0-	5,545	6,975
Tenant services	6,490	-0-	6,490	1,566	-0-	1,566	8,056
Membership dues and fees	1,098	-0-	1,098	1,213	-0-	1,213	2,311
Bank charges	4,147	-0-	4,147	-0-	-0-	-0-	4,147
Payment-in-lieu of taxes	80,000	-0-	80,000	-0-	-0-	-0-	80,000
General	252	-0-	252	1,515	-0-	1,515	1,767
Total operating expenses	964,837	-0-	964,837	3,726,286	9,128	3,735,414	4,700,251
Operating income (loss)	(363,712)	518,130	154,418	(938,992)	(2,428)	(941,420)	(787,002)

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SLIDELL, LOUISIANA
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
FUND NET POSITION—ENTERPRISE FUND, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2013

	Operating Fund Program	Capital Fund Program	Sub-total	Housing Choice Voucher Program	Disaster Housing Assistance Program	Sub-total	Totals (Memorandum Only)
Non-operating revenues:							
Interest income	\$ 2,393	\$ -0-	\$ 2,393	\$ 482	\$ -0-	\$ 482	\$ 2,875
Other income	30,840	-0-	30,840	127,287	-0-	127,287	158,127
Total non-operating revenues	33,233	-0-	33,233	127,769	-0-	127,769	161,002
Capital contributions:							
HUD capital grants	-0-	235,137	235,137	-0-	-0-	-0-	235,137
Total capital contributions	-0-	235,137	235,137	-0-	-0-	-0-	235,137
Change in net assets before transfers	(330,479)	753,267	422,788	(811,223)	(2,428)	(813,651)	(390,863)
Operating transfers in	518,130	(518,130)	518,130	-0-	-0-	-0-	518,130
Operating transfers (out)	-0-	-0-	(518,130)	-0-	-0-	-0-	(518,130)
Net operating transfers	518,130	(518,130)	-0-	-0-	-0-	-0-	-0-
Change in net position	187,651	235,137	422,788	(811,223)	(2,428)	(813,651)	(390,863)
Net position, beginning of year	8,934,074	171,658	9,105,732	1,104,912	66,080	1,170,992	10,276,724
Prior period adjustments/equity transfer	356,449	(406,795)	(50,346)	12,064	-0-	12,064	(38,282)
Net position, beginning of year, as restated	9,290,523	-0-	9,055,386	1,116,976	66,080	1,183,056	10,238,442
Net position, end of year	\$ 9,478,174	\$ -0-	\$ 9,478,174	\$ 305,753	\$ 63,652	\$ 369,405	\$ 9,847,579

See Independent Auditors' Report on Supplementary Information.

SCHEDULE I

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SLIDELL, LOUISIANA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED MARCH 31, 2013

<u>Federal Grantor</u>	<u>CFDA Number</u>	<u>Federal Expenditures</u>
Program funded by the U.S. Department of Housing and Urban Development (HUD):		
Subject to Annual Contributions Contracts		
Low Rent Public Housing Program	14.850a	\$ 389,951
Housing Choice Voucher Program	14.871	2,793,994
Capital Fund Program	14.872	<u>753,267</u>
Grand Total		<u>\$3,937,212</u>

NOTE: Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes all Federal grant activity of the Authority and is presented on an accrual basis of accounting. The information on this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*.

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SLIDELL, LOUISIANA
FINANCIAL DATA SCHEDULE--COMBINING BALANCE SHEET
MARCH 31, 2013

<u>LINE ITEM NO.</u>	<u>ACCOUNT DESCRIPTION</u>	<u>TOTAL PROJECTS</u>	<u>TOTAL PROGRAMS</u>	<u>TOTALS (MEMORANDUM ONLY)</u>
111	Cash - unrestricted	\$2,028,732	\$347,207	\$2,375,939
112	Cash-modernization and development	809,935	-0-	809,935
113	Cash - other restricted	-0-	467,849	467,849
114	Cash - tenant security deposits	<u>40,189</u>	<u>-0-</u>	<u>40,189</u>
100	Total cash	<u>2,878,856</u>	<u>815,056</u>	<u>3,693,912</u>
122	Accounts receivable - HUD	-0-	6,700	6,700
125	Accounts receivable - Miscellaneous	1,684	16,633	18,317
131	Investments- unrestricted	14,388	-0-	14,388
142	Prepaid expenses and other assets	24,010	-0-	24,010
144	Interprogram due from	<u>460,153</u>	<u>-0-</u>	<u>460,153</u>
150	Total current assets	<u>3,379,091</u>	<u>838,389</u>	<u>4,217,480</u>

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SLIDELL, LOUISIANA
FINANCIAL DATA SCHEDULE--COMBINING BALANCE SHEET, CONTINUED
MARCH 31, 2013

<u>LINE ITEM NO.</u>	<u>ACCOUNT DESCRIPTION</u>	<u>TOTAL PROJECTS</u>	<u>TOTAL PROGRAMS</u>	<u>TOTALS (MEMORANDUM ONLY)</u>
161	Land	\$ 779,855	\$ -0-	\$ 779,855
162	Buildings	8,654,689	-0-	8,654,689
163	Furniture, equipment and machinery-dwellings	407,357	-0-	407,357
164	Furniture, equipment and machinery-administration	168,738	15,948	184,686
166	Accumulated depreciation	(3,807,455)	(3,886)	(3,811,341)
160	Total capital assets, net of accumulated depreciation	<u>6,203,184</u>	<u>12,062</u>	<u>6,215,246</u>
180	Total non-current assets	<u>6,203,184</u>	<u>12,062</u>	<u>6,215,246</u>
190	Total assets	<u>\$ 9,582,275</u>	<u>\$850,451</u>	<u>\$10,432,726</u>

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SLIDELL, LOUISIANA
FINANCIAL DATA SCHEDULE--COMBINING BALANCE SHEET, CONTINUED
MARCH 31, 2013

<u>LINE ITEM NO.</u>	<u>ACCOUNT DESCRIPTION</u>	<u>TOTAL PROJECTS</u>	<u>TOTAL PROGRAMS</u>	<u>TOTALS (MEMORANDUM ONLY)</u>
312	Accounts payable ≤ 90 days	\$ 60,117	\$ 5,475	\$ 65,592
322	Accrued compensated absences-current portion	2,973	7,088	10,061
341	Tenant security deposits	40,189	-0-	40,189
347	Interprogram due to	-0-	460,153	460,153
310	Total current liabilities	103,279	472,716	575,995
350	Total non-current liabilities	822	8,330	9,152
300	Total liabilities	104,101	481,046	585,147

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SLIDELL, LOUISIANA
FINANCIAL DATA SCHEDULE--COMBINING BALANCE SHEET, CONTINUED
MARCH 31, 2013

<u>LINE ITEM NO.</u>	<u>ACCOUNT DESCRIPTION</u>	<u>TOTAL PROJECTS</u>	<u>TOTAL PROGRAMS</u>	<u>TOTALS (MEMORANDUM ONLY)</u>
508.1	Investment in capital assets, net	\$6,203,184	\$ 12,062	\$ 6,215,246
511.1	Restricted net position	809,935	467,849	1,277,784
512.1	Unrestricted net position	<u>2,465,055</u>	<u>(110,506)</u>	<u>2,354,549</u>
513	Total equity/net position	<u>9,478,174</u>	<u>369,405</u>	<u>9,847,579</u>
600	Total liabilities and equity/net position	<u>\$9,582,275</u>	<u>\$ 850,451</u>	<u>\$10,432,726</u>

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SLIDELL, LOUISIANA
FINANCIAL DATA SCHEDULE-COMBINING INCOME STATEMENT
FOR THE YEAR ENDED MARCH 31, 2013

<u>LINE ITEM NO.</u>	<u>ACCOUNT DESCRIPTION</u>	<u>OPERATING FUND PROGRAM</u>	<u>CAPITAL FUND PROGRAM</u>	<u>TOTAL PROJECTS</u>	<u>HOUSING CHOICE VOUCHER PROGRAM</u>	<u>DISASTER HOUSING ASSISTANCE PROGRAM</u>	<u>TOTAL PROGRAMS</u>
70300	Net tenant rental revenue	\$211,174	\$ -0-	\$ 211,174	\$ -0-	\$ -0-	\$ -0-
70500	Total tenant revenue	211,174	-0-	211,174	-0-	-0-	-0-
70600-010	Housing assistance payments	-0-	-0-	-0-	2,529,730	-0-	2,529,730
70600-020	Ongoing administrative fees earned	-0-	-0-	-0-	257,564	-0-	257,564
		-0-	-0-	-0-	2,787,294	-0-	2,787,294
70600	HUD PHA operating grants	389,951	518,130	908,081	-0-	6,700	6,700
70610	Capital grants	-0-	235,137	235,137	-0-	-0-	-0-
71100	Investment income - unrestricted	2,393	-0-	2,393	482	-0-	482
71500	Other revenue	30,840	-0-	30,840	127,287	-0-	127,287
70000	Total revenue	634,358	753,267	1,387,625	2,915,063	6,700	2,921,763

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SLIDELL, LOUISIANA
FINANCIAL DATA SCHEDULE-COMBINING INCOME STATEMENT, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2013

<u>LINE ITEM NO.</u>	<u>ACCOUNT DESCRIPTION</u>	<u>OPERATING FUND PROGRAM</u>	<u>CAPITAL FUND PROGRAM</u>	<u>TOTAL PROJECTS</u>	<u>HOUSING CHOICE VOUCHER PROGRAM</u>	<u>DISASTER HOUSING ASSISTANCE PROGRAM</u>	<u>TOTAL PROGRAMS</u>
91100	Administrative salaries	\$ 67,601	\$ -0-	\$ 67,601	\$116,299	\$ 3,630	\$119,929
91200	Auditing fees	25,315	-0-	25,315	15,401	-0-	15,401
91500	Employee benefit contributions- administrative	15,754	-0-	15,754	41,795	278	42,073
91600	Office expense	139,433	-0-	139,433	91,384	5,220	96,604
91700	Legal expense	5,683	-0-	5,683	5,593	-0-	5,593
91800	Travel	7,395	-0-	7,395	1,837	-0-	1,837
91000	Total operating - administrative	261,181	-0-	261,181	272,309	9,128	281,437
92400	Tenant services - other	6,490	-0-	6,490	1,566	-0-	1,566
92500	Total tenant services	6,490	-0-	6,490	1,566	-0-	1,566
93100	Water	74,044	-0-	74,044	1,258	-0-	1,258
93200	Electricity	19,065	-0-	19,065	2,730	-0-	2,730
93300	Gas	22	-0-	22	-0-	-0-	-0-
93800	Other utilities	653	-0-	653	28	-0-	28
93000	Total utilities	93,784	-0-	93,784	4,016	-0-	4,016

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SLIDELL, LOUISIANA
FINANCIAL DATA SCHEDULE-COMBINING INCOME STATEMENT, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2013

<u>LINE ITEM NO.</u>	<u>ACCOUNT DESCRIPTION</u>	<u>OPERATING FUND PROGRAM</u>	<u>CAPITAL FUND PROGRAM</u>	<u>TOTAL PROJECTS</u>	<u>HOUSING CHOICE VOUCHER PROGRAM</u>	<u>DISASTER HOUSING ASSISTANCE PROGRAM</u>	<u>TOTAL PROGRAMS</u>
94200	Ordinary maintenance and operations - materials and other	\$ 22,783	\$ -0-	\$ 22,783	\$ -0-	\$ -0-	\$ -0-
94300-010	Ordinance maintenance and operations- garbage and trash removal	4,995	-0-	4,995	-0-	-0-	-0-
94300-020	Ordinary maintenance and operations contracts- heating and cooling contracts	4	-0-	4	-0-	-0-	-0-
94300-050	Ordinary maintenance and operations contracts- landscape and grounds contracts	28,650	-0-	28,650	-0-	-0-	-0-
94300-060	Ordinary maintenance and operations contracts- unit turnaround contracts	11,658	-0-	11,658	-0-	-0-	-0-
94300-070	Ordinary maintenance and operations- contracts-electrical contracts	7,995	-0-	7,995	-0-	-0-	-0-
94300-080	Ordinary maintenance and operations contracts- plumbing contracts	5,966	-0-	5,966	-0-	-0-	-0-
94300-090	Ordinary maintenance and operations contracts- extermination contracts	12,652	-0-	12,652	-0-	-0-	-0-
94300-100	Ordinary maintenance and operations contracts- janitorial	391	-0-	391	-0-	-0-	-0-
94300-110	Ordinary maintenance and operations contracts- routine maintenance	9,895	-0-	9,895	-0-	-0-	-0-
94300-120	Ordinary maintenance and operations contracts- miscellaneous contracts	14,417	-0-	14,417	-0-	-0-	-0-
94000	Total maintenance	119,406	-0-	119,406	-0-	-0-	-0-

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SLIDELL, LOUISIANA
FINANCIAL DATA SCHEDULE-COMBINING INCOME STATEMENT, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2013

<u>LINE ITEM NO.</u>	<u>ACCOUNT DESCRIPTION</u>	<u>OPERATING FUND PROGRAM</u>	<u>CAPITAL FUND PROGRAM</u>	<u>TOTAL PROJECTS</u>	<u>HOUSING CHOICE VOUCHER PROGRAM</u>	<u>DISASTER HOUSING ASSISTANCE PROGRAM</u>	<u>TOTAL PROGRAMS</u>
95200	Protective services - other contract costs	\$ 2,911	\$ -0-	\$ 2,911	\$ 67	\$ -0-	\$ 67
95000	Total protective services	2,911	-0-	2,911	67	-0-	67
96110	Property insurance	43,195	-0-	43,195	4,027	-0-	4,027
96140	All other insurance	33,574	-0-	33,574	4,902	-0-	4,902
96100	Total insurance premiums	76,769	-0-	76,769	8,929	-0-	8,929
96300	Payment-in-lieu of taxes	80,000	-0-	80,000	-0-	-0-	-0-
96000	Total other general expenses	80,000	-0-	80,000	-0-	-0-	-0-
96900	Total operating expenses	640,541	-0-	640,541	286,887	9,128	296,015
97000	Excess (deficiency) of revenue over (under) operating expenses	(6,183)	753,267	747,084	2,628,176	(2,428)	2,625,748

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SLIDELL, LOUISIANA
FINANCIAL DATA SCHEDULE-COMBINING INCOME STATEMENT, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2013

<u>LINE ITEM NO.</u>	<u>ACCOUNT DESCRIPTION</u>	<u>OPERATING FUND PROGRAM</u>	<u>CAPITAL FUND PROGRAM</u>	<u>TOTAL PROJECTS</u>	<u>HOUSING CHOICE VOUCHER PROGRAM</u>	<u>DISASTER HOUSING ASSISTANCE PROGRAM</u>	<u>TOTAL PROGRAMS</u>
97300-050	All other	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
97300	Housing assistance payments	-0-	-0-	-0-	3,319,368	-0-	3,319,368
97350	Housing assistance payments portability - in	-0-	-0-	-0-	118,944	-0-	118,944
97400	Depreciation expense	324,296	-0-	324,296	1,087	-0-	1,087
90000	Total expenses	964,837	-0-	964,837	3,726,286	9,128	3,735,414
10010	Operating transfers in	518,130	-0-	518,130	-0-	-0-	-0-
10020	Operating transfers out	-0-	(518,130)	(518,130)	-0-	-0-	-0-
10000	Excess (deficiency) of revenue over (under) expenses	518,130	(518,130)	-0-	-0-	-0-	-0-
11030	Beginning equity/net position	\$ 187,651	\$ 235,137	\$ 422,788	\$ (811,223)	\$ (2,428)	\$ (813,651)
11040-010	Prior period adjustments, equity transfers, and correction of errors	\$8,934,074	\$ 171,658	\$9,105,732	\$1,104,912	\$ 66,080	\$1,170,992
		356,449	(406,795)	\$ (50,346)	12,064	-0-	12,064
	Beginning equity/net position, as adjusted	\$9,290,523	\$ (235,137)	\$9,055,386	\$1,116,976	\$ 66,080	\$1,183,056
11170	Administrative fee equity			\$ -0-	\$ (110,506)	\$ 66,080	\$ (44,426)
11180	Housing assistance payments equity			\$ -0-	\$ 467,849	\$ -0-	\$ 467,849
11190	Unit months available	1,500	N/A	1,500	6,873	-0-	6,873
11210	Number of unit months leased	1,440	N/A	1,440	5,059	-0-	5,059
11270	Excess cash	\$ 3,001,032	\$ -0-	\$3,001,032	\$ -0-	\$ -0-	\$ -0-
11620	Building purchases	\$ 540,450	\$ -0-	\$ 540,450	\$ -0-	\$ -0-	\$ -0-
11630	Furniture and equipment	\$ 169,526	\$ -0-	\$ 169,526	\$ -0-	\$ -0-	\$ -0-

See Independent Auditors' Report on Supplementary Information.

SCHEDULE IV

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SLIDELL, LOUISIANA
STATEMENT OF CAPITAL FUND PROGRAM COSTS (INCOMPLETE)
FROM INCEPTION THROUGH MARCH 31, 2013

	<u>LA48P103-501-11</u>	<u>LA48P103-501-12</u>	<u>LA48P103-501-13</u>	<u>TOTAL</u>
Funds approved				
Funds expended	\$ 142,222 (124,303)	\$ 131,650 (95,339)	\$ 126,493 (-0-)	\$ 400,365 (219,642)
Excess (deficiency) of funds approved	\$ 17,919	\$ 36,311	\$ 126,493	\$ 180,723
Funds Advanced:				
Grant funding	\$ 124,203	\$ 95,339	\$ -0-	\$ 219,642
Total funds advanced	124,203	95,339	-0-	219,642
Funds expended	(124,203)	(95,339)	(-0-)	(219,642)
Excess (deficiency) of funds advanced	\$ -0-	\$ -0-	\$ -0-	\$ -0-

See Independent Auditors' Report on Supplementary Information.

SCHEDULE V

**HOUSING AUTHORITY OF THE CITY OF SLIDELL
SLIDELL, LOUISIANA
STATEMENT OF CAPITAL FUND PROGRAM COSTS (COMPLETE)
FROM INCEPTION THROUGH MARCH 31, 2013**

	<u>LA48P103-501-05</u>	<u>LA48P103-501-06</u>	<u>LA48P103-501-07</u>	<u>LA48P103-501-08</u>	<u>TOTAL</u>
Funds approved	\$ 179,596	\$ 170,620	\$ 177,464	\$ 173,745	\$ 701,425
Funds expended	(179,596)	(170,620)	(177,464)	173,745	(701,425)
Excess (deficiency) of funds approved	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>
Funds Advanced:					
Grant funding	\$ <u>179,596</u>	\$ <u>170,620</u>	\$ <u>177,464</u>	\$ <u>173,745</u>	\$ <u>701,425</u>
Total funds advanced	<u>179,596</u>	<u>170,620</u>	<u>177,464</u>	<u>173,745</u>	<u>701,425</u>
Funds expended	(179,596)	(170,620)	(177,464)	(173,745)	(701,425)
Excess (deficiency) of funds advanced	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>

NOTE: The distribution of costs as shown on the line of credit control system and the total award per the approved Form HUD 53012 (Capital Fund Program) Amendment to the Consolidation Annual Contributions Contacts is in agreement with the Authority's records and all costs and liabilities associated with the project have been paid.

See Independent Auditors' Report on Supplementary Information.



Member
American Institute of
Certified Public Accountants
Society of Louisiana
Certified Public Accountants

Alcide J. Tervalon, Jr., CPA
Waldo J. Moret, Jr., CPA
Paul K. Andoh, Sr., CPA
Joseph A. Akanji, CPA

(Retired)
Michael B. Bruno, CPA (2011)

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Commissioners
Housing Authority of the City of Slidell
Slidell, Louisiana

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States of America, the financial statements of the enterprise fund of **Housing Authority of the City of Slidell (the Authority)** as of and for the year ended March 31, 2013, and the related notes to the financial statements which collectively comprise **the Authority's** basic financial statements, and have issued our report thereon dated October 29, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered **the Authority's** internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of **the Authority's** internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of **the Authority's** internal control over financial reporting.

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
(CONTINUED)

Internal Control Over Financial Reporting, Continued

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, significant deficiencies or material weaknesses may exist that were not identified. However, as described in the accompanying Summary Schedule of Findings and Questioned Costs, we identified two (2) deficiencies in internal control over financial reporting one (1) we consider to be a material weakness and the other a significant deficiency.

A deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis.

A significant deficiency over financial reporting is a deficiency, or a combination of deficiencies in internal control over financial reporting, that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying Summary Schedule of Findings and Questioned Costs as item 2013-02 to be a significant deficiency in internal control over financial reporting.

A material weakness over financial reporting is a deficiency or a combination of deficiencies in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of **the Authority's** financial statements will not be prevented, or detected and corrected in a timely basis. We consider the deficiency described in the accompanying Summary Schedule of Findings and Questioned Costs as item 2013-01 to be a material weakness.

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
(CONTINUED)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether **the Authority's** financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Summary Schedule of Findings and Questioned Costs as items 2013-03 and 2012-04.

The Authority's Response to Findings

The Authority's response to the findings identified in our audit is described in the accompanying Summary Schedule of Findings and Questioned Costs under the caption "Management's Response and Planned Corrective Action" and/or "Current Status". **The Authority's** response was not subjected to the auditing procedures applicable in the audit of the financial statements and, accordingly, we express no opinion on it.

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
(CONTINUED)

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing and not to provide an opinion on the effectiveness of **the Authority's** internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering **the Authority's** internal control over financial reporting and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS
New Orleans, Louisiana

October 29, 2013



Member
American Institute of
Certified Public Accountants
Society of Louisiana
Certified Public Accountants

Alcide J. Tervalon, Jr., CPA
Waldo J. Moret, Jr., CPA
Paul K. Andoh, Sr., CPA
Joseph A. Akanji, CPA

(Retired)
Michael B. Bruno, CPA (2011)

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Board of Commissioners
Housing Authority of the City of Slidell
Slidell, Louisiana

Report on Compliance for Each Major Federal Program

We have audited **Housing Authority of the City of Slidell's (the Authority)** compliance with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A -133 Compliance Supplement* that could have a direct and material effect on each of **the Authority's** major federal programs for the year ended March 31, 2013. **The Authority's** major federal programs are identified in the Summary of Auditors' Results section of the accompanying Summary Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133
(CONTINUED)

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of **the Authority's** major federal programs based on our audit of the types of compliance requirements previously described. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about **the Authority's** compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of **the Authority's** compliance.

Opinion on Each Major Federal Program

In our opinion, **the Authority** complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended March 31, 2013.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133
(CONTINUED)

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Summary Schedule of Findings and Questioned Costs as items 2013-05 through 2013-12 and 2013-15. Our opinion on each major federal program is not modified with respect to these matters.

The Authority's Response to Findings

The Authority's response to the noncompliance findings identified in our audit is described in the accompanying Summary Schedule of Findings and Questioned Costs under the caption "Management's Response and Planned Corrective Action" and/or "Current Status". **The Authority's** response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on these response.

Report on Internal Control Over Compliance

Management of **the Authority** is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements previously discussed. In planning and performing our audit of compliance, we considered **the Authority's** internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of **the Authority's** internal control over compliance.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133
(CONTINUED)

Report on Internal Control Over Compliance, Continued

Our consideration of the internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in the **Authority's** internal control over compliance that might be significant deficiencies, or material weaknesses and therefore, significant deficiencies or material weaknesses may exist that were not identified. However, as described in the following paragraphs, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses or significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis.

A significant deficiency in internal control over compliance is a deficiency or a combination of control deficiencies in internal control, that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying Summary Schedule of Findings and Questioned Costs as item 2013-14 to be significant deficiency in internal control over compliance.

A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected in a timely basis. We consider the deficiency in internal control over compliance described in the accompanying Summary Schedule of Findings and Questioned Costs as item 2013-13 to be a material weakness, as defined above.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133
(CONTINUED)

The Authority's Response to Findings

The Authority's response to the internal control over compliance finding identified in our audit is described in the accompanying Summary Schedule of Findings and Questioned Costs under the caption "Management's Response and Planned Corrective Action" and/or "Current Status". The Authority's response was not subject to the auditing procedures applied in the audit of compliance and accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS
New Orleans, Louisiana

October 29, 2013

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED MARCH 31, 2013

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: **Unmodified**

Internal control over financial reporting:

- Material weakness(es) identified? **Yes**
- Significant deficiency(ies) identified **Yes**

Non-compliance material to financial statements noted? **No**

Federal Awards

Internal Control over major programs:

- Material weakness(es) identified? **Yes**
- Significant deficiency(ies) identified **Yes**

Type of auditors' report issued on compliance for major programs: **Unmodified**

Any audit findings disclosed that are required to be reported in
accordance with Section 510(a) of Circular A-133? **Yes**

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2013

Section I - Summary of Auditors' Results, Continued

Identification of major programs:

<u>CFDA NUMBER</u>	<u>NAME OF FEDERAL PROGRAM OR CLUSTER</u>
14.871	Housing Choice Voucher Program
14.850a	Low Rent Public Housing Program

Dollar threshold used to distinguish between type A and type B programs:	\$300,000
---	------------------

Auditee qualified as low-risk auditee?	No
--	-----------

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED MARCH 31, 2013

Section II – Financial Statement Findings and Questioned Costs

Reference Number

2013-01

Federal Award Program

All programs (see Schedule of Expenditures of Federal Awards).

Criteria

Management of **the Authority** is responsible for the establishment of effective and efficient processes and procedures for all financial transactions or economic events to ensure the complete and accurate preparation of its financial statements as required by HUD and Board policy.

Condition

Our review of the detail general ledger generated by **the Authority** revealed the following material deficiencies:

- Year end accruals were not reflected in the accounting records prior to the effect of audit work effort and resulting audit adjustments.
- Capital assets recorded between the Low Rent and Capital Fund Programs to reflect capital assets and equity transfers were not correctly reported prior to the impact of audit work effort and resulting audit adjustments.

Questioned Costs

None.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2013

Section II – Financial Statement Findings and Questioned Costs, Continued

Reference Number, Continued

2013-01

Context

Total amount of federal awards expended for the year ended March 31, 2013 were \$3,937,212.

Effect or Potential Effect

Non-compliance with the requirements of HUD regulations and Board policy that impacts the performance of a timely and efficient audit.

Cause

Completeness of year end closing process to facilitate the timely analysis and review of significant general ledger accounts in order to ensure the completeness of prepared financial statements.

Recommendation

Management should continue to revisit with its monthly general ledger processing system, plan and require that all monthly transactions are recorded in the general ledger system on a timely basis. Further, the necessary analysis should be performed timely with all resulting adjustments, if any, posted immediately.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2013

Section II – Financial Statement Findings and Questioned Costs, Continued

Reference Number, Continued

2013-01

Management's Response and Planned Corrective Action

Management concurs with this finding and will continue to ensure that all month-end closings are complete to include all required journal entries to correctly state resulting financial statements.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2013

Section II – Financial Statement Findings and Questioned Costs, Continued

Reference Number

2013-02

Federal Award Program

All programs (see Schedule of Expenditures of Federal Awards).

Criteria

Management of the Authority is responsible for the documentation of the components of internal control to include the implementation of a design and operation of internal control to safeguard the assets of the Authority.

Condition

Under the Authority's current organizational structure, the important elements of internal control and segregation of duties cannot always be achieved to ensure adequate protection and safeguarding of the Authority's assets.

Questioned Costs

None

Context

Total federal awards expended for the year ended March 31, 2013 were \$3,937,212.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2013

Section II – Financial Statement Findings and Questioned Costs, Continued

Reference Number, Continued

2013-02

Effect or Potential Effect

Size of **the Authority** provides for an environment that is conducive to the potential for misappropriation of assets.

Cause

Size of personnel assigned to the accounting function and **the Authority** as a whole coupled with the level of available financial resources.

Recommendation

We recommend that management and the Board continue to provide the level of oversight necessary to mitigation the potential risk associated with the current level of segregation of duties.

Management's Response and Planned Corrective Action

Management and the board will continue to provide the level of oversight necessary to minimize the potential for misappropriation of assets.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2013

Section II – Financial Statement Findings and Questioned Costs, Continued

Reference Number

2013-03

Federal Award Program

All programs (see Schedule of Expenditures of Federal Awards).

Criteria

Revised statute 42:1119 Section A states that “no member of the immediate family of an agency head shall be employed in his agency”.

Condition

Currently, **the Authority** has one (1) consultant on staff working in the capacity of executive director and an employee serving in the capacity as the accountant, who are siblings. Prior to placement as an employee, the accountant had a contract which was executed in April, 2009 by the previous executive director (no relation). The second contract was executed in November, 2010 by the Board of Commissioners of **the Authority** with a firm owned by a family member related to the previously referenced accountant to manage the activities of **the Authority**. Further, the Housing Choice Voucher Program section has two siblings as employees with one supervising the other. At September 30, 2013, one of the siblings working in the Section 8 Program has resigned.

Questioned Costs

None.

Effect or Potential Effect

Potential noncompliance with regulations regarding nepotism.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2013

Section II – Financial Statement Findings and Questioned Costs, Continued

Reference Number, Continued

2013-03

Context

Total federal awards expended for the year ended March 31, 2013 were \$3,937,212.

Cause

Misinterpretation of State law relating to nepotism.

Recommendation

The Authority is currently in contact with the Ethics Board regarding this matter.

Management's Response and Planned Corrective Action

The matter is under investigation by the Louisiana Board of Ethics.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2013

Section II Financial Statement Findings and Questioned Costs, Continued

Reference Number

2013-04

Federal Award Program

All programs (see Schedule of Expenditures of Federal Awards).

Criteria

Louisiana Revised Statute 24:513 requires the submission of audited financial statements within six (6) months of year end or within an approved extension request.

Condition

The audited financial statements as of and for the year ended March 31, 2013 were not published by September 30, 2013 (statutory due date).

However, the report was submitted within thirty (30) days of the due date.

Questioned Costs

None.

Context

Federal awards expended for the year ended March 31, 2013 were \$3,937,212.

Effect or Potential Effect

Noncompliance with the statutory due date requirement of Louisiana Audit Law.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2013

Section II Financial Statement Findings and Questioned Costs, Continued

Reference Number, Continued

2013-04

Cause

Timing in the resolution of final open items to conclude on the 2013 audit.

Recommendation

None.

Management's Response and Planned Corrective Action

Management continues to strive for the timely submission of its reports as evident since the change in management.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2013

Section III – Federal Award Findings and Questioned Costs

Reference Number

2013-05

Federal Award Program

All programs (see Schedule of Expenditures of Federal Awards).

Criteria

Pursuant to the requirements of OMB Circular A-87:

- (1) “Charges to Federal awards for salaries and wages, whether treated as direct or indirect costs, will be based on payroll documented in accordance with generally accepted practice of the governmental unit and approved by a responsible official(s) of the government unit.
- (2) Where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi-annually and will be signed by the employee or supervisory official having first hand knowledge of the work performed by the employee.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2013

Section III- Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2013-05

Criteria, Continued

- (3) Where employees work on multiple activities cost objectives, a distribution of their salaries or wages will be supported by personnel activity or equivalent documentation which meets the standards listed under item 4 below. Such documentary support will be required where employees work on:
- a) More than one (1) federal award;
 - b) A federal award and a non-Federal activity;
 - c) An indirect cost activity and a direct cost activity;
 - d) Two or more indirect activities which are allocated using different allocations basis, or
 - e) An unallowable activity and a direct or indirect cost activity.
- (4) Personnel activity reports or equivalent documentation must meet the following standards:
- a) They must reflect after the fact distribution of the actual activity of each employee;
 - b) They must account for the total activity for which each employee is compensated;
 - c) They must be prepared at least monthly and must coincide with one or more pay periods; and
 - d) They must be signed by the employee.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2013

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2013-05

Condition

The Authority's current payroll practice requires the submission of timesheets by all employees. However, we noted no documented certification in accordance with the requirements of OMB Circular A-87.

Questioned Cost

None.

Context

Total federal awards expended for the year ended March 31, 2013 were \$3,937,212.

Effect or Potential Effect

Potential noncompliance with the requirements of OMB Circular A-87.

Cause

Lack of an established procedure to ensure compliance with the requirements of OMB Circular A-87.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2013

Section III- Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2013-05

Recommendation

Management should revisit with its current practice to facilitate compliance with the requirements regarding payroll certification.

Management's Response and Corrective Action

Currently, timesheets signed by employees are approved by the appropriate supervisor as a form of bi-weekly certification. Nevertheless, the Authority will institute a new procedure to ensure compliance with the requirements of A-87. Anticipated completion date is November 30, 2013.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2013

Section III – Federal Award Findings and Questioned Costs, Continued

Reference Number

2013-06

Federal Award Program

Housing Choice Voucher Program (see Schedule of Expenditures of Federal Awards).

Criteria

The Authority is required to submit in electronic format, Form HUD 50058 each time it completes an admission, annual, interim re-examination, portability move-in or other change of a unit for a family.

Condition

Our review of sixteen (16) tenant files revealed in two (2) instances where the Form HUD 50058 were submitted outside of the window period.

Questioned Costs

None.

Context

Total federal awards expended for the Housing Choice Voucher Program were \$2,793,994 or 71% of the total federal awards for the year ended March 31, 2013.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2013

Section III – Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2013-06

Effect or Potential Effect

Noncompliance with the requirements of 24 CFR.

Cause

Failure to generate and/or document the completeness of all submitted data.

Recommendation

We recommend that management provide staff with the necessary training to ensure the timely submission of all required external reports.

Management's Response and Planned Corrective Action

Management concurs with the auditor's finding and anticipates providing staff with additional training within the next sixty (60) days.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2013

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number

2013-07

Federal Award Program

All programs (see Schedule of Expenditures of Federal Awards).

Criteria

Pursuant to 24 CFR sections 135(a), 135.90 and 570.487(d), the prime recipient must submit Form HUD 60002 for grants over \$200,000 that involve housing rehabilitation, construction or other public construction.

Further, each PHA is required to comply with the requirements of Section 3 reporting for new employment, training or contracting opportunities generated by Section 3 expenditure of covered funding.

Condition

No Form HUD 60002 section 3 report was made available for our review in order to ascertain the required report filing and completeness.

Questioned Costs

None.

Context

Total expenditures of federal awards for year ended March 31, 2013 were \$3,937,212.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2013

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2013-07

Effect or Potential Effect

Noncompliance with the filing requirements of 24 CFR section 135.3(a) et al regarding the complete filing of Form HUD 60002.

Cause

Oversight of the annual filing requirement.

Recommendation

Revisit with the current practice regarding filing of reports for completeness.

Management's Response and Planned Corrective Action

Management will ensure the timely filing of all required reports associated with Form HUD 60002. Anticipated resolution date is April 30, 2014.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2013

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number

2013-08

Federal Award Program

Housing Choice Voucher Program (see Schedule of Expenditures of Federal Awards).

Criteria

Except as provided in 24 CFR section 982.203, all families admitted to the housing program must be selected from the waiting list who reach the top of the list.

Condition

Our review of sixteen (16) tenant files revealed in one (1) instance where documents confirming the tenants position on the waiting list prior to an offer for placement was not on file to support tenancy.

Questioned Costs

None.

Context

Total expenditures of federal awards for the Housing Choice Voucher Program were \$2,793,994 or 71% of the total federal awards for the year ended March 31, 2013.

Effect or Potential Effect

Noncompliance with HUD regulations regarding tenant placement.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2013

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2013-08

Cause

Oversight in the documentation process in connection with the placement of tenants.

Recommendation

Management should provide additional training to staff to ensure the completeness in tenant file maintenance.

Management's Response and Planned Corrective Action

Management has scheduled additional training for all staff within the next sixty (60) days.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2013

Section III – Federal Award Findings and Questioned Costs, Continued

Reference Number

2013-09

Federal Award Program

Low Rent Public Housing Program (see Schedule of Expenditures of Federal Awards).

Criteria

24 CFR section 960.205 provides guidance in the determination of tenant's eligibility to participate in the housing program. Further, **the Authority** is required to submit to HUD Form 50058 to include information such as birth certificate, total annual income, etc.

Condition

In eleven (11) of eleven (11) tenant files reviewed, we noted no written documentation on file to support verification of prior lease violations.

Questioned Costs

None.

Context

Total federal awards expended for the Low Rent Public Housing Program were \$389,951 or 9.9% of the total federal awards for the year ended March 31, 2013.

Effect or Potential Effect

Noncompliance with the requirement of 24 CFR 960.205.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2013

Section III – Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2013-09

Cause

Lack of an effective monitoring process in place to ensure compliance with all eligibility requirements as dictated by Board policy and HUD regulation.

Recommendation

Management should ensure that all files contain the required information necessary to support the determination of each tenant's eligibility to participate in the housing program.

Management's Response and Planned Corrective Action

We concur with this finding. Management is currently working closely with the new Low Rent Public Housing Program manager to correct the previous practice of not meeting deadlines and HUD mandates for reporting.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2013

Section III – Federal Award Findings and Questioned Costs, Continued

Reference Number

2013-10

Federal Award Program

Low Rent Public Housing Program (see Schedule of Expenditures of Federal Awards).

Criteria

24 CFR sections 960.202 through 960.206 require tenants to be selected from a waiting list prepared and maintained by the Authority.

Condition

Tenant move-ins into the Authority's Low Rent Public Housing Program for eleven (11) files reviewed, lacked documented evidence to support the order of placement from the waiting list.

Questioned Costs

None.

Context

Expenditures of federal awards for the year ended March 31, 2013 for the Low Rent Public Housing Program were \$389,951 or 9.9% of total expenditures of federal awards.

Effect or Potential Effect

Noncompliance with the requirements of 24 CFR 960.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2013

Section III – Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2013-10

Cause

Lack of an established practice to retain on file, documented evidence to support selection from the waiting list.

Recommendation

Management should maintain a waiting list pursuant to the requirements of 24 CFR sections 960.202 through 960.206.

Management's Response and Planned Corrective Action

We concur with this finding. Management is working closely with the new manager for the Low Rent Public Housing Program to correct the previous practice of not meeting deadlines and HUD mandates for reporting.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2013

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number

2013-11

Federal Award Program

Low Rent Public Housing Program (see Schedule of Expenditures of Federal Awards).

Criteria

Management of the Authority is responsible for the submission of Form HUD 50058 each time the Authority completes an admission, annual re-examination, interim etc.

Condition

The results of our review of eleven (11) tenant files revealed in one (1) instance where the Form HUD 50058 was not submitted on a timely basis.

Questioned Costs

None.

Context

Total federal awards expended for the Low Rent Public Housing Program for the year ended March 31, 2013 were \$389,951.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2013

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2013-11

Effect or Potential Effect

Noncompliance with HUD regulations regarding the filing of Form HUD 50058.

Cause

Level of diligence exercised by staff charged in the performance of assigned tasks.

Recommendation

Management should continue to perform periodic sample reviews of tenants files.

Management's Response and Planned Corrective Action

We concur with this finding. Management is working closely with the new manager for the Low Rent Public Housing Program to correct the previous practice of not meeting deadlines and HUD mandates for reporting.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2013

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number

2013-12

Federal Award Program

All programs (see Schedule of Expenditures of Federal Awards).

Criteria

The instructions for Form HUD 52725 (Schedules of Position and Compensation of five (5) highest paid employees) require the submission of information of five (5) highest paid employees.

Condition

We were unable to review the Authority's compliance with the filing requirements of Form HUD 52725.

Questioned Costs

None.

Context

Total federal awards expended for the year ended March 31, 2013 were \$3,937,212.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2013

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2013-12

Effect or Potential Effect

Noncompliance with 24 CFR requirement regarding the publishing of salary information.

Cause

Incompleteness of established process to ensure the submission of all required reports.

Recommendation

We recommend that management continue to re-evaluate its current practice for the submission of all required reports for completeness.

Management's Response and Planned Corrective Action

Management will revisit with its reporting practice in an effort to ensure completeness.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2013

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number

2013-13

Federal Award Program

All programs (see Schedule of Expenditures of Federal Awards).

Criteria

Management of **the Authority** is responsible for the establishment of effective and efficient processes and procedures for all financial transactions or economic events to ensure the complete and accurate preparation of its financial statements as required by HUD and Board policy.

Condition

Our review of the detail general ledger generated by **the Authority** revealed the following material deficiencies:

- Year end accruals were not reflected in the accounting records prior to the effect of audit work effort and resulting audit adjustments.
- Capital assets recorded between the Low Rent Public Housing and Capital Fund Programs to reflect capital assets and equity transfers were not correctly reported prior to the impact of audit work effort and resulting audit adjustments.

Questioned Costs

None.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2013

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2013-13

Context

Total amount of federal awards expended for the year ended March 31, 2013 were \$3,937,212.

Effect or Potential Effect

Non-compliance with the requirements of HUD regulations and Board policy that impacts the performance of a timely and efficient audit.

Cause

Completeness of year end closing process to facilitate the timely analysis and review of significant general ledger accounts in order to ensure the completeness of prepared financial statements.

Recommendation

Management should continue to revisit with its monthly general ledger processing system, plan and require that all monthly transactions are recorded in the general ledger system on a timely basis. Further, the necessary analysis should be performed timely with all resulting adjustments, if any, posted immediately.

Management's Response and Planned Corrective Action

Management concurs with finding and will make certain all month-end closings are complete to include applicable receivables and/or payables.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2013

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number

2013-14

Federal Award Program

All programs (see Schedule of Expenditures of Federal Awards).

Criteria

Management of **the Authority** is responsible for the documentation of the components of internal control to include the implementation of a design and operation of internal control to safeguard the assets of **the Authority**.

Condition

Under **the Authority's** current organizational structure, the important elements of internal control and segregation of duties cannot always be achieved to ensure adequate protection and safeguarding of **the Authority's** assets.

Questioned Costs

None

Context

Total federal awards expended for the year ended March 31, 2013 were \$3,937,212.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2013

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2013-14

Effect or Potential Effect

Size of the Authority provides for an environment that is conducive to the potential for misappropriation of assets.

Cause

Size of personnel assigned to the accounting function and the Authority as a whole coupled with the level of available financial resources.

Recommendation

We recommend that management and the Board continue to provide the level of oversight necessary to mitigation the potential risk associated with the current level of segregation of duties.

Management's Response and Planned Corrective Action

Management and the board will continue to provide the level of oversight necessary to minimize the potential for misappropriation of assets.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2013

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number

2013-15

Federal Award Program

All programs (see Schedule of Expenditures of Federal Awards).

Criteria

Pursuant to the requirements of Notice PIH-96-33, as amended by PIH-97-41, **the Authority** is required to invest funds of more than \$20,000 in HUD approved Investment Securities.

Condition

At March 31, 2013, **the Authority** had cash in excess of \$20,000 in its operating account for the Low Rent Public Housing and Housing Choice Voucher Programs not invested pursuant to PIH-96-33 as amended by PIH-97-41.

Questioned Costs

None.

Context

Total unrestricted cash and temporary cash investments were \$2,375,939 at March 31, 2013.

Effect or Potential Effect

Noncompliance with HUD regulations.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2013

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2013-15

Cause

Management continues to evaluate its investment strategy to ensure compliance.

Recommendation

Management should ensure compliance with PIH-96-33 as amended by PIH-97-41.

Management's Response and Planned Corrective Action

The Authority's has adopted an investment policy that adheres to HUD regulations on investment with the consideration of what our monthly operating expenses and our ability to invest in a liquidation investment that will not hamper our operation.

HOUSING AUTHORITY OF THE CITY OF Slidell
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED MARCH 31, 2013

Section IV – Status of Prior Year’s Findings and Questioned Costs

Reference Number

2012-01

Condition

Our review of the detail general ledger generated by **the Authority** revealed the following significant deficiencies:

- We noted that **the Authority** did not maintain a separate general ledger for the Disaster Housing Assistance Program (DHAP) during the year ended March 31, 2012;
- We noted un-reconciled differences in the beginning (April 1, 2011) and ending (March 31, 2012) net asset amounts. Further, the general ledger did not reflect restricted net assets for the Housing Choice Voucher Program as required by HUD; and
- We noted significant unsupported journal entries posted directly to net assets during the year ended March 31, 2012.

Recommendation

Management should revisit with its current general ledger processing system, plan and require that all monthly transactions are recorded in the general ledger system on a timely basis. Further, the necessary analysis should be performed timely with all resulting adjustments, if any, posted immediately.

Current Status

Resolved.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2013

Section IV – Status of Prior Year’s Findings and Questioned Costs, Continued

Reference Number

2012-02

Condition

The results of our review of twenty-four (24) cash disbursement transactions and ten (10) journal entries revealed the following significant deficiencies:

- Invoices for twenty-two (22) of the cash disbursement transactions tested were not canceled or otherwise defaced to reduce the potential for duplicate use.
- Invoices for fifteen (15) of the cash disbursement transactions tested were not evidenced with a check or review for mathematical accuracy.
- There was no evidence of approval for four (4) of the journal entries selected for testing.

Recommendation

The current interim executive director has initiated, developed and implemented procedures and processes approved by the Board of Commissioners in an attempt to minimize, if not eliminate, the potential risks associated with the discussed condition. Management should ensure compliance with established policies and procedures by staff.

Current Status

Resolved.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2013

Section IV – Status of Prior Year’s Findings and Questioned Costs, Continued

Reference Number

2012-03

Condition

Under **the Authority’s** current organizational structure, the important elements of internal control and segregation of duties cannot always be achieved to ensure adequate protection and safeguarding of **the Authority’s** assets.

We noted inadequate controls over the safeguarding of assets and lack of adequate design of general and application controls to provide complete, accurate and timely information consistent with the financial reporting objectives and current needs of **the Authority**.

Recommendation

We recommended that management re-evaluate its internal control design, continue to develop and implement procedures and processes to minimize, if not eliminate, the potential risk associated with the described condition. The review should include **the Authority’s** current software processing system to ensure its completeness and integrity of resulting financial statements.

Current Status

Unresolved. See current year’s finding reference number 2013-02.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2013

Section IV – Status of Prior Year’s Findings and Questioned Costs, Continued

Reference Number

2012-04

Condition

The operating bank account reconciliations for the PHA Owned and Voucher Choice Housing Programs revealed the following significant deficiencies:

- Inadequate controls over voided checks resulting in unsupported voided checks in the amount of \$7,420 at March 31, 2012;
- Inadequate controls over voided checks resulted in checks in the amount of \$590 reflected as voided in the September 2011 bank reconciliation but were not voided in the general ledger until February 2012;
- The March 31, 2012 operating account general ledger balance did not agree with the March 31, 2012 reconciled bank balance as reflected on the bank reconciliation;
- The general ledger and bank reconciliation amounts did not agree to the corresponding Housing Assistance Payment (HAP) register at March 31, 2012; and
- The December 31, 2011 (month judgementally selected for testing) and March 31, 2012 Voucher Program bank account reconciliations reflected an unresolved out-of-balance condition of \$1,773.40.

Recommendation

We recommended that management revisit with its current processes to ensure the continued development of a monitoring system to facilitate the timely preparation and review of bank account reconciliations to include the resolution of resulting differences; timely reconciliation of significant general ledger accounts between the control and subsidiary accounts. Further, all adjustments resulting from the reconciliations should be adequately supported to justify recordation.

Current Status

Resolved.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2013

Section IV – Status of Prior Year’s Findings and Questioned Costs, Continued

Reference Number

2012-05

Condition

Our testing of capital assets at March 31, 2012, revealed the capitalization of bulk purchases of individual items below the established \$1,000 capitalization threshold.

Recommendation

Management should call for a complete reconciliation of all capital assets to their physical count, subsidiary ledgers and general ledger control account on a periodic basis.

/ Further, management should monitor the recordation of capital assets in accordance with its established capitalization policy.

Current Status

Resolved.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2013

Section IV – Status of Prior Year’s Findings and Questioned Costs, Continued

Reference Number

2012-06

Condition

During the year ended March 31, 2012, **the Authority** implemented a cost allocation plan. However, our review revealed inconsistency in the manner of allocation of costs. We noted instances where management was unable to provide support for the basis of common cost allocated. Further, costs were allocated in instances where the allocable costs, if any, had not been properly recorded to the cost object.

Recommendation

We recommended a review of the cost allocation process to ensure the accurate capture and recordation of all transactions. Further, management should document the basis for and allocation of all shared costs. Pursuant to the requirements of A-87, management should on a semi-annual basis, ensure that employees working a single cost object or a supervisor with first hand knowledge of the work performed by such employees, certify that the employees worked only on that one cost object.

Current Status

Unresolved. See current year’s other matters report for reference number OM 2013-03.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2013

Section IV – Status of Prior Year’s Findings and Questioned Costs, Continued

Reference Number

2012-07

Condition

Currently, **the Authority** has two (2) consultants on staff working in the capacity of Interim Executive Director and Fee Accountant, who are siblings. The first contract was executed with the consultant in April, 2009 by the previous executive director (no relation) for fee accountant services. The second contract was executed in November, 2010 by the Board of Commissioners of **the Authority** with a firm owned by a family member related to the previously referenced consultant to manage the activities of **the Authority**. Further, the Housing Choice Voucher Program section has two siblings as employees with one supervising the other.

Recommendation

The Authority should conduct a review of the referenced condition and seek resolution to the issue of nepotism.

Current Status

Unresolved. See current year’s finding reference number 2013-03.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2013

Section IV – Status of Prior Year’s Findings and Questioned Costs, Continued

Reference Number

2012-08

Condition

During the course of the audit, we continue to note that the financial statements as prepared by **the Authority** required significant adjustments to fairly state account balances by **the Authority**. For the current audit, the total number of adjustments posted to impact accounts such as cash, interfund, net assets, etc. totaled forty-one (41).

Recommendation

We recommended that management continue to re-evaluate its internal control design, develop and implement procedures and processes to minimize, if not eliminate, the potential risk associated with the described condition. The review should include **the Authority’s** personnel capacity and current software processing system to ensure its completeness and integrity of resulting financial statements.

Current Status

Unresolved. See current year’s finding reference number 2013-01.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2013

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Referenced Number

2012-09

Condition

The Authority at March 31, 2012, had a collected bank balance with its banker of \$3,715,517. Further, management has an executed depository agreement with its banker to ensure the continuous coverage of its potential credit risk.

However, we noted no evidence to support the amount pledged as collateral on file, nor did we receive a response to our confirmation request from **the Authority's** banker. Also, there was no evidence to support management's periodic review of pledger reports received to ensure the adequacy in continuous coverage.

Recommendation

Management should review its pledge reports and compare to its cash balance on a periodic basis to ensure compliance with its depository agreement with its banker.

Current Status

Resolved.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2013

Section IV – Status of Prior Year’s Findings and Questioned Costs

Reference Number

2012-10

Condition

Our review of fifteen (15) tenant files indicated the following significant deficiencies:

- Form HUD 50058 was on file but not signed;
- Form HUD 50058 was on file but the signature page was not on file; and
- No report maintained on file to support the timely filing and submission of Form HUD 50058.

Recommendation

We recommended that management call for the complete maintenance of reports or associated documentation to support the dates of completeness in the submission process.

Current Status

Unresolved. See current year’s findings reference numbers 2013-06 and 2013-11.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2013

Section IV – Status of Prior Year’s Findings and Questioned Costs, Continued

Reference Number

2012-11

Condition

In one (1) of five (5) tenant files reviewed, we noted no written evidence on file to support verification of any prior lease violations.

Recommendation

Management should ensure that all files contain the required information necessary to support the determination of each tenant’s eligibility to participate in the housing program.

Current Status

Unresolved. See current year’s finding reference number 2013-09.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2013

Section IV – Status of Prior Year’s Findings and Questioned Costs, Continued

Reference Number

2012-12

Condition

For two (2) tenants, the recalculated income performed by the auditor did not agree to the amount used to compute the tenant’s rent payment amount by **the Authority**.

Recommendation

We recommended that management continue to review on a test basis, the completeness in certification and/or re-certification of tenant files on a periodic basis.

Current Status

Resolved.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2013

Section IV – Status of Prior Year’s Findings and Questioned Costs, Continued

Reference Number

2012-13

Condition

Based on review of the DHAP Program and records available, we noted the following:

- DHAP financial transactions (HUD operating grants received) for the year ended March 31, 2012 were included in the records of the PHA Owned Housing Program.
- **The Authority** did not maintain a HAP register for the DHAP program. As such, we were unable to verify the completeness in recorded HAP and/or associated program expenses for the year ended March 31, 2012; and
- The records for DHAP are not maintained in a complete and accurate manner to facilitate an effective and efficient audit. Further, adjustments posted by **the Authority** in connection with the audit was based on information provided by HUD as a part of the close-out of the DHAP program activities. As such, we were unable to verify its completeness.

Recommendation

Management should evaluate the condition previously described and establish adequate procedures to ensure compliance with the programmatic and financial requirements of the DHAP program. Furthermore, the system in place should ensure the completeness of information provided to support all financial transactions.

Current Status

Resolved.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2013

Section IV – Status of Prior Year’s and Questioned Costs, Continued

Reference Number

2012-14

Condition

Tenant move-ins into the Authority’s Low Rent Public Housing Program based on our review, lacked documented evidence to support the order of placement from the waiting list because the waiting list is maintained on real time.

Recommendation

Management should maintain a waiting list pursuant to the requirements of 24 CFR sections 960.202 through 960.206.

Current Status

Unresolved. See current year’s finding reference number 2013-10.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2013

Section IV – Status of Prior Year’s Findings and Questioned Costs, Continued

Reference Number

2012-15

Condition

We noted the following significant deficiencies:

- For five (5) of the fifteen (15) tenant files tested, the Housing Assistance Payment (HAP) amount per the HAP register did not agree to the contract amount;
- For one (1) of the fifteen (15) tenant files, the tenant’s voucher indicated the tenant occupied a three (3) bedroom unit but the rent reasonableness form indicated tenant was suited for a two (2) bedroom unit;
- For four (4) of the fifteen (15) tenant files tested, the admission/move-in date per the move-in/move-out report was before the contract date;
- For one (1) of the fifteen (15) tenant files tested, there was no report maintained on file to support the timely filing and submission of Form HUD 50058;
- For twelve (12) of the fifteen (15) tenant files tested, the Form HUD 50058 was on file but not signed; and
- For three (3) of the fifteen (15) tenant files tested, Form HUD 50058 was on file but not the signature page.

Recommendation

Management should continue to provide oversight of staff’s work effort through periodic sampling of tenant files.

Current Status

Unresolved. See current year’s findings reference numbers 2013-06 and 2013-11.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2013

Section IV – Status of Prior Year’s Findings and Questioned Costs, Continued

Reference Number

2012-16

Condition

The results of our review of twenty-four (24) cash disbursement transactions and ten (10) journal entries revealed the following significant deficiencies:

- Invoices for twenty-two (22) of the cash disbursement transactions tested were not canceled or otherwise defaced to reduce the potential for duplicate use.
- Invoices for fifteen (15) of the cash disbursement transactions tested were not evidenced with a check or review for mathematical accuracy.
- There was no evidence of approval for four (4) of the journal entries selected for testing.

Recommendation

The current interim executive director has initiated, developed and implemented procedures and processes approved by the Board of Commissioners in an attempt to minimize, if not eliminate, the potential risks associated with the discussed condition. Management should ensure compliance with established policies and procedures by staff.

Current Status

Resolved.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2013

Section IV – Status of Prior Year’s Findings and Questioned Costs, Continued

Reference Number

2012-17

Condition

Under **the Authority’s** current organizational structure, the important elements of internal control and segregation of duties cannot always be achieved to ensure adequate protection and safeguarding of **the Authority’s** assets.

We noted inadequate controls over the safeguarding of assets and lack of adequate design of general and application controls to provide complete, accurate and timely information consistent with the financial reporting objectives and current needs of **the Authority**.

Recommendation

We recommended that management continue to re-evaluate its internal control design, continue to develop and implement procedures and processes to minimize, if not eliminate, the potential risk associated with the described condition. The review should include **the Authority’s** current software processing system to ensure its completeness and integrity of resulting financial statements.

Current Status

Unresolved. See current year’s findings reference numbers 2013-02 and 2013-14.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2013

Section IV – Status of Prior Year’s Findings and Questioned Costs, Continued

Reference Number

2012-18

Condition

The operating bank account reconciliations for the PHA Owned and Voucher Choice Housing Programs revealed the following significant deficiencies:

- Inadequate controls over voided checks resulting in unsupported voided checks in the amount of \$7,420 at March 31, 2012;
- Inadequate controls over voided checks resulted in checks in the amount of \$590 reflected as voided in the September 2011 (month judgementally selected for testing) bank reconciliation but were not voided in the general ledger until February 2012;
- The March 31, 2012 operating account general ledger balance did not agree with the March 31, 2012 reconciled bank balance as reflected on the bank reconciliation;
- The general ledger and bank reconciliation amounts did not agree to the corresponding Housing Assistance Payment (HAP) register at March 31, 2012; and
- The December 31, 2011 (month judgementally selected for testing) and March 31, 2012 Voucher Program bank account reconciliations reflected an unresolved out-of-balance condition of \$1,773.40.

Recommendation

We recommended that management revisit with its current processes to ensure the development of a monitoring system to facilitate the timely preparation and review of bank account reconciliations to include the resolution of resulting differences; timely reconciliation of significant general ledger accounts between the control and subsidiary accounts. Further, all adjustments resulting from the reconciliations should be adequately supported to justify recordation.

Current Status

Resolved.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2013

Section IV – Status of Prior Year’s Findings and Questioned Costs, Continued

Reference Number

2012-19

Condition

Our testing of capital assets at March 31, 2012 revealed the capitalization of bulk purchases of individual items below the established \$1,000 capitalization threshold.

Recommendation

Management should call for a complete reconciliation of all capital assets to their physical count, subsidiary ledgers and general ledger control account on a periodic basis.

Current Status

Resolved.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2013

Section IV – Status of Prior Year’s Findings and Questioned Costs, Continued

Reference Number

2012-20

Condition

During the year ended March 31, 2012, the **Authority** implemented a cost allocation plan. However, our review revealed inconsistency in the manner of allocation of costs. We noted instances where management was unable to provide support for the basis of common cost allocated. Further, costs were allocated in instances where the allocable costs, if any, had not been properly recorded to the cost object.

Recommendation

We recommended a review of the current cost allocation process to ensure the accurate capture and recordation of all transactions. Further, management should document the basis for and allocation of all shared costs. Pursuant to the requirements of A-87, management should on a semi-annual basis, ensure that employees working a single cost object or a supervisor with first hand knowledge of the work performed by such employees, certify that the employees worked only on that one cost object.

Current Status

Unresolved. See current year’s other matters report for reference number OM 2013-03.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2013

Section IV – Status of Prior Year’s Findings and Questioned Costs, Continued

Reference Number

2012-21

Condition

During the course of the audit, we continue to note that the financial statements as prepared by the Authority required material adjustments to fairly state various account balances by the Authority. For the current audit, the total number of adjustments posted to impact accounts such as cash, interfund, net assets, etc. totaled forty-one (41) .

Recommendation

We recommended that management continue to re-evaluate its internal control design, develop and implement procedures and processes to minimize, if not eliminate, the potential risk associated with the described condition. The review should include the Authority’s personnel and current software processing system to ensure its completeness and integrity of resulting financial statements.

Current Status

Unresolved. See current year’s finding reference numbers 2013-01 and 2013-13.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2013

Section IV – Status of Prior Year’s Findings and Questioned Costs, Continued

Reference Number

2012-22

Condition

Our review of the detail general ledger generated by the Authority revealed the following significant deficiencies:

- We noted that the Authority did not maintain a separate general ledger for the DHAP program during the year ended March 31, 2012;
- We noted un-reconciled differences in the beginning (April 1, 2011) and ending (March 31, 2011) net asset amounts. Further, the general ledger did not reflect restricted net assets for the Housing Choice Voucher Program as required by HUD; and
- We noted significant unsupported journal entries posted directly to net assets during the year ended March 31, 2012.

Recommendation

Management should revisit with its current general ledger processing system, plan and require that all monthly transactions are recorded in the general ledger system on a timely basis. Further, the necessary analysis should be performed timely with all resulting adjustments, if any, posted immediately.

Current Status

Resolved.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2013

Section IV – Status of Prior Year’s Findings and Questioned Costs, Continued

Reference Number

2012-23

Condition

For one (1) of the five (5) tenant files tested, the rent amount per the move-in/move-out report was different from the monthly rent register.

Recommendation

Management should continue to provide oversight of staff’s work effort through periodic sampling of tenant files.

Current Status

Resolved.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2013

Section IV – Status of Prior Year’s Findings and Questioned Costs, Continued

Reference Number

2012-24

Condition

The Authority at March 31, 2012, had a collected bank balance with its banker of \$3,715,517. Further, management has an executed depository agreement with its banker to ensure the continuous coverage of its potential credit risk.

However, we noted no evidence to support the amount pledged as collateral on file, nor did we receive a response to our confirmation request from **the Authority’s** banker. Also, there was no evidence to support management’s periodic review of pledger reports received to ensure the adequacy in continuous coverage.

Recommendation

Management should review its pledge report and compare to its cash balance on a periodic basis to ensure compliance with its depository agreement with its banker.

Current Status

Resolved.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2013

Section IV – Status of Prior Year’s Findings and Questioned Costs, Continued

Reference Number

2012-25

Condition

At March 31, 2012, **the Authority** had cash in excess of \$20,000 in its operating funds and Housing Choice Voucher Programs not invested pursuant to PIH-96-33 as amended by PIH-97-41.

Recommendation

Management should ensure compliance with PIH-96-33 as amended by PIH-97-41.

Current Status

Unresolved. See current year’s finding reference number 2013-15.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED MARCH 31, 2013

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Numbers

2011-01, 2011-25, 2010-01, and 2010-30

Condition

Our review of the general ledger generated by the Authority's TENMAST software revealed the following significant conditions:

- o The March 31, 2011 general ledgers for the PHA Owned Housing and Voucher Programs reflected beginning balances in the income and expense categories.
- o We noted several misclassifications and/or miscodings of posted financial transactions.
- o General ledger control accounts for prepaid insurance, receivables, security deposits, and payables reflected balances contrary to their normal account balances. For instance prepaid insurance reflected a credit balance of \$21,278 and an associated prepaid insurance account established as a liability account with a debit balance of \$225,729 before the effect of audit adjustments. Accounts receivable at March 31, 2011 reflected a credit balance of \$1,520,640.
- o The March 31, 2010 general ledgers for the PHA Owned Housing and Voucher Programs did not reflect the impact of shared cost except for payroll.

Further, the allocated payroll cost included approximately \$19,000 of temporary labor cost prior to the effect of an audit adjustment.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2013

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Numbers, Continued

2011-01, 2011-25, 2010-01, and 2010-30

Condition, Continued

Some of the significant shared and specific program costs noted included inspection cost for the Voucher Program in the amount of \$23,312, employee benefit cost of \$118,947, travel cost of \$21,835, office supplies of \$27,683, etc. Currently, all expenses are paid through the operating account of the PHA Owned Housing Program Fund.

- o The March 31, 2010 general ledger for the PHA Owned Housing Program reflected an out of balance condition in the amount of \$4,614.
- o A review of the general ledger detail revealed several misclassification and/or miscoding of financial transactions.
- o **The Authority** did not maintain a separate general ledger for the DHAP program during the year ended March 31, 2011. See finding reference number 2011-18 for additional discussion.
- o At March 31, 2011, interfund activities reflected a net out-of-balance condition of \$631,956.
- o Also noted unreconciled differences in the beginning (April 1, 2010) and ending (March 31, 2011) net asset amounts. Further, the general ledger did not reflect restricted net assets for the Voucher Program.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2013

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Numbers, Continued

2011-01, 2011-25, 2010-01, and 2010-30

Condition, Continued

- o Expired prepaid costs were not amortized at March 31, 2011 prior to the effect of an audit adjustment.
- o The tenant rent revenue account prior to the effect of an audit adjustment reflected a duplicate rent charge due to an incorrect monthly closing by a Tenant Accounts Receivable Program staff.
- o Two (2) checks physically voided were not reflected on the general ledger as voided. A replacement check was not recorded on the general ledger.
- o The general ledger for the Voucher Program had revenue and related receivable overstated in the net amount of \$1,071,493 for the year ended March 31, 2010 prior to the effect of an audit adjustment. Operating and capital grants while deposited into the Authority's bank account upon drawdown were not properly recorded in the respective general ledger accounts.
- o General ledger accounts for prepaid insurance, receivables, security deposits and payables reflected balances contrary to the normal account balances. For instance prepaid insurance reflected a credit balance of approximately \$25,019 and an associated prepaid insurance account established as a liability account with a debit balance of \$102,384 before the effect of audit adjustments.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2013

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Numbers, Continued

2011-01, 2011-25, 2010-01, and 2010-30

Condition, Continued

- o **The Authority** did not maintain a separate general ledger for the DHAP program during the year ended March 31, 2010. See finding reference number 2010-19 for additional discussion.
- o At March 31, 2010, interfund activities reflected an out-of-balance condition of \$2,088,065 prior to the effect of audit adjustments totaling \$1,399,389.
- o Also, noted were unreconciled differences in the beginning (April 1, 2009) and ending (March 31, 2010) net asset amounts. Further, the general ledger did not reflect restricted net assets for the Voucher Program.

Recommendation

Management should revisit with its current general ledger system and plan for its complete conversion. In addition, all required monthly transactions should be recorded in the general ledger system to include allocation and recordation in the respective general ledger, shared and paid expenses for other programs.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2013

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Numbers, Continued

2011-01, 2011-25, 2010-01, and 2010-30

Current Status

Resolved.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2013

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Numbers

2011-02, 2011-26, 2010-02, 2010-31 and 2007-15

Condition

The results of our review of twenty-five (25) cash disbursement transactions (selected month December 2010) revealed the following conditions:

- o Four (4) of twenty-five (25) transactions tested revealed instances where the expenses reviewed were charged to incorrect general ledger account numbers.
- o In two (2) of twenty-five (25) cash disbursement transactions tested, supporting documentation in the form of invoices were misfiled or not available for our review.
- o Invoices of six (6) of the twenty-five (25) transactions tested were not canceled to avoid the potential for duplicate use.
- o We were unable in seventeen (17) of seventeen (17) invoices of twenty-five (25) cash disbursement transactions tested, to observe any evidence of mathematical accuracy performed prior to payment on the referenced invoices.
- o Two (2) of the twenty-five (25) transactions tested were incorrectly calculated and paid resulting in an overpayment of \$1.55 in one (1) instance and an underpayment of \$8.78 in the other instance.
- o For four (4) of the twenty-five (25) transactions tested, the check requests attached were incomplete.
- o **The Authority** was unable to provide documented evidence to support that its vendors/contractors were not suspended or debarred by HUD.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2013

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Numbers, Continued

2011-02, 2011-26, 2010-02, 2010-31 and 2007-15

Condition, Continued

- o Twenty-two (22) of seventy-three (73) transactions tested revealed instances where expenses were not charged to the correct general ledger account number.
- o **The Authority** through and on behalf of its previous executive director disbursed via an "ACH" payment, one half of his monthly car allowance. The current interim executive director did not possess authorization until January 15, 2011.
- o Two (2) of six (6) Housing Assistance Payments returned by **the Authority's** banker were not reflected in the general ledger prior to the impact of an audit adjustment.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2013

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Numbers, Continued

2011-02, 2011-26, 2010-02, 2010-31 and 2007-15

Condition, Continued

The results of our review of seventy-three (73) cash disbursement transactions revealed the following conditions:

- o Twenty-four (24) of the seventy-three (73) transactions tested were not supported with invoices. Five (5) of the twenty-four (24) transactions involved credit card purchases consisting of twenty-three (23) individual transactions totaling \$13,240. \$7,395 of the \$13,240 in credit card purchases not supported by invoices involved travel expenses. Three (3) of the purchases were described on the voucher section of the check as "gas to pick up computers" in Atlanta, Georgia on August 26, 2009 with a return date of August 30, 2009 (dates are based on transaction dates on the credit card statement). We were unable to identify any additional cost associated with this travel. According to the Authority's travel policy signed September 1, 1997, all amounts over thirty (30) dollars must be vouchered to receipts.
- o Supporting documentation, in the form of invoices and cancelled checks for eleven (11) of the seventy-three (73) transactions selected for testing were not available for our review.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2013

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Numbers

2011-02, 2011-26, 2010-02, 2010-31 and 2007-15

Condition

- o Three (3) of seventy-three (73) transactions tested were incorrectly expensed in the current period. One of the three (3) transactions involved credit card statements consisting of four (4) individual transactions totaling \$1,213.
- o Invoices for fifty-three (53) of the seventy-three (73) transactions tested were not canceled to avoid duplicate use.
- o Sixteen (16) of the seventy-three (73) transactions totaling \$12,726 tested were ineligible expenses. A detail of the expenses follows:

\$ 5,000	Donation to non profit organization
500	Payment to non profit organization's executive director
7,100	Auto allowance to former executive director
<u>126</u>	Flowers to former executive director's father and other third party

\$12,726

The contract executed with the former executive director allowed for a car allowance or a vehicle purchased by **the Authority**.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2013

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Numbers, Continued

2011-02, 2011-26, 2010-02, 2010-31 and 2007-15

Condition, Continued

On June 30, 2008, **the Authority** purchased a vehicle used exclusively by the former executive director. Further the insurance coverage on the vehicle listed the former executive director as the only authorized driver.

- o Fifty-nine (59) of the seventy-three (73) transactions tested exhibited no evidence of the verification of the mathematical accuracy of the invoices prior to payment.
- o Twenty-seven (27) of the seventy-three (73) transactions tested involved transactions incurred on behalf of and approved by the former executive director.

Most of the transactions involved payment of a car allowance, per diem, purchase of flowers, etc.

- o For four (4) of the seventy-three (73) transactions tested, the check request bore no written approval by the former executive director or a designated staff.
- o We noted two (2) package deliveries to and from the former executive director while in Kansas for which we are unable to determine the business purpose based on information provided to us.
- o **The Authority** was unable to provide documented evidence to support that its vendors/contractors were not suspended or debarred by HUD.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2013

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Numbers, Continued

2011-02, 2011-26, 2010-02, 2010-31 and 2007-15

Condition, Continued

- o **The Authority** overpaid on its credit card statement balance due by \$2,443 for the statement period from March 11, 2009 through April 10, 2009.
- o In a disbursement made to a contractor for inspection services performed, we noted where the mileage charged was not in agreement with the terms of the executed contract calling for the use of the applicable government rate (fifty-five cents in 2009 and fifty cents in 2010).
- o Two (2) of the five (5) inspected units detailed on the log submitted were unassisted units. Based on discussion with management, we were unable to determine the basis for the inspection and associated cost.

Recommendation

We recommend that management re-evaluate its internal control design, develop and implement procedures and processes to minimize, if not eliminate, the potential risk associated with the described condition. Management should undertake a review of its accounting processing system to ensure its completeness. Also, all services requested should be reviewed for completeness prior to payment.

Management and the Board should consider an in depth review of transactions executed to ensure propriety.

Current Status

Resolved. It is our understanding that HUD's Inspector General reviewed this finding among others in the 2012 report and based on consultation with the U.S. District Attorney's office, concluded that the conditions did not warrant prosecution.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2013

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Numbers

2010-03, 2010-32, 2009-02, 2009-14, 2008-01, and 2007-02

Condition

Considering the size of **the Authority**, the important elements of internal control and segregation of duties cannot always be achieved to ensure adequate protection and safeguarding of **the Authority's** assets. Currently, internal financial transactions processing of **the Authority** is performed primarily by an Administrative Assistant with oversight by a fee accountant.

Noted inadequate controls over the safeguarding of assets and lack of adequate design of general and application controls that impact the TENMAST software system from providing complete and accurate information consistent with the financial reporting objectives and current needs of **the Authority**.

The Authority currently uses TENMAST software to prepare its internal financial statements and other reports for submission to its funding source. The current system is not fully integrated to facilitate the completeness and accuracy of financial statements generated.

Furthermore, we noted an inadequate design of internal control over significant accounts and processes.

Recommendation

We recommend that management re-evaluate its internal control design, develop and implement procedures and processes to minimize, if not eliminate, the potential risk associated with the described condition. Management should undertake a review of its accounting processing system to ensure its completeness.

Current Status

Unresolved. See current year's findings reference numbers 2013-02 and 2013-14.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2013

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Numbers

2010-04, 2010-33, 2009-03 and 2007-01

Condition

Currently, **the Authority** does not possess the required staffing qualification and training in-house to facilitate the complete and accurate preparation of its financial statements and related footnotes pursuant to the requirements of generally accepted accounting principles.

Recommendation

Management should continue to explore and commit the required level of resources necessary to ensure its ability to provide complete financial information and design internal control policies and procedures to minimize, if not eliminate, the potential for misappropriation of assets.

Current Status

Resolved.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2013

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Numbers

2011-03 and 2011-27

Condition

Under **the Authority's** current organizational structure, the important elements of internal control and segregation of duties cannot always be achieved to ensure adequate protection and safeguarding of **the Authority's** assets. Currently, internal financial transactions processing of **the Authority** is performed primarily by a contracted staff with oversight by a contracted fee accountant. Also, the general ledger is interfaced with program transactions generated by staff from the Low Rent and Voucher Programs.

Noted inadequate controls over the safeguarding of assets and lack of adequate design of general and application controls that impact the TENMAST software system's ability to provide complete and accurate information consistent with the financial reporting objectives and current needs of **the Authority**.

Further, **the Authority** uses TENMAST software to prepare its internal financial statements and other reports for submission to its funding source. The current system is not fully integrated to facilitate the complete and accurate generation of financial statements.

Furthermore, we noted an inadequate design of internal control over significant accounts and processes.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2013

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Numbers, Continued

2011-03 and 2011-27

Recommendation

We recommended that management continue to re-evaluate its internal control design, develop and implement procedures and processes to minimize, if not eliminate, the potential risk associated with the described condition. The review should include the Authority's current software processing system to ensure its completeness and integrity of resulting financial statements.

Current Status

Unresolved. See current year's findings reference number 2013-02 and 2013-14.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2013

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Numbers

2011-05, 2011-29, 2010-34 and 2010-07

Condition

Our testing of three (3) employee files for payroll transactions executed during the month of December 2010 (month selected for testing) revealed the following conditions:

1. Lack of a written payroll procedure to include an updated personnel Handbook.
2. Unapproved leave request form for one (1) of three (3) employees tested.
3. The leave accrual rates as dictated by State Civil service based on years of services did not align to the accrual rates used by **the Authority**. Further, leave information was not adequately tracked to ensure completeness.
4. No personnel files and State Civil Service approvals were available for all employees to support authorized pay rates, hire dates and job classifications as well as authorized payroll and other deductions from payroll to include the required immigration form (I-9).
5. Incorrect insurance deduction in all three (3) employees tested.
6. Vacation time used by one (1) employee was incorrectly charged to regular time.

Our request for payroll documents for **the Authority's** personnel revealed the following conditions:

7. We noted through a review of **the Authority's** payroll register for the period from April 2009 through March 2010, no charge for annual and/or sick leave use for the former executive director. Further, we noted no records on file to support approval of leave use by the Board.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2013

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Numbers, Continued

2011-05, 2011-29, 2010-34 and 2010-07

Condition, Continued

8. The leave accrual rates as dictated by State Civil service based on years of services did not align to the accrual rates used by **the Authority**.
9. No personnel files and State Civil Service approvals were available for all employees to support authorized pay rates, hire dates and job classifications as well as authorized payroll and other deductions from payroll.
10. We selected six (6) employees and requested their approved leave request noting in four (4) of the six (6) no approval at the supervisory level for leave used.

For the remaining two (2), **the Authority** could not locate the approved leave use request.

Our review of the December 2009 payroll register revealed the accrual of incorrect leave earned as a result of duplicate posting of payroll for the December 10, 2009 payroll. We noted no subsequent correction of the error.

11. A review of gross payroll and deductions except for federal and state income taxes for two (2) employees for December 2009 (test month selected) revealed in one instance where the deduction for health insurance for the former executive director was not correctly calculated to the benefit of the former director and in another instance, no deduction for health insurance was deducted from an employee also to the benefit of the employee. Total estimated impact was approximately \$1,416 for the 2010 fiscal year.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2013

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Numbers, Continued

2011-05, 2011-29, 2010-34 and 2010-07

Recommendation

We recommended a review of the current personnel administration process to ensure the implementation of a system that will accurately capture and record transactions, providing for all required documents to include the necessary State Civil Service approvals.

Management should perform an indepth review of payroll transactions to ensure completeness.

Current Status

The following represents a detail status of the referenced findings:

1. Resolved.
2. Resolved.
3. Resolved.
4. Unresolved. (See current year's other matters report section for OM 2013-05).
5. Resolved.
6. Resolved.
7. Resolved.
8. Resolved.
9. Unresolved. (See current year's other matters report section for OM 2013-05).
10. Resolved.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2013

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Numbers

2011-06 and 2011-30

Condition

The operating bank account reconciliations for the PHA Owned and Voucher Choice Housing Programs at December 31, 2010 and March 31, 2011 revealed the following conditions:

- o PHA Owned and Voucher Housing Programs December 2010 and March 2011 bank account reconciliations were incomplete because the beginning and ending balances as reflected on the reconciliations did not agree to their respective general ledger balances. Further, we noted other conditions such as the improper accounting for voided checks, stale dated checks, interest earned on the bank account balance, tenant payments and deposits of "EFT" returns, etc.

Both bank account reconciliations were not prepared on a timely basis. As a result of this condition, the reconciliations provided lacked supervisory review.

- o Unreconciled differences resulting from the reconciliations were not resolved and adjusted on a timely basis. As such, the reconciliations for December 2010 and March 2011 listed several proposed adjustments.
- o Two unsigned checks totaling \$251,590 prepared by the previous executive director and not distributed at December 31, 2010 (selected month reviewed), were reported on the bank account reconciliations as outstanding checks.
- o Numerous adjustments proposed by **the Authority** in an effort to "catch-up" on various reconciliations lacked the appropriate supporting documents to justify recordation of entries generated from the reconciliations.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2013

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Numbers, Continued

2011-06 and 2011-30

Recommendation

We recommended that management revisit with its current processes to ensure the development of a monitoring system to facilitate the timely preparation and review of bank account reconciliations to include the resolution of resulting differences. Further, all adjustments resulting from the reconciliation should be adequately supported to justify recordation.

Current Status

Resolved.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2013

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Numbers

2011-07 and 2011-31

Condition

Our testing of capital assets at March 31, 2011 revealed the following conditions:

- o Noted no maintenance of capital assets subsidiary ledgers for all PHA Owned and Capital Fund Programs. However, a detail schedule maintained for office equipment did not agree to the general ledger control account balance by approximately \$26,000. Further, we were unable to conclude on the completeness of a proposed client adjustment to address the referenced difference. Our judgment was impacted by the fact that some selected unit costs used in the detail priced-out schedule lacked supporting documentation to facilitate the determination of the validity of the unit cost.

Recommendation

Management should call for a complete reconciliation of all capital assets to their physical count, subsidiary ledgers and general ledger control account. This process should include the establishment and maintenance of all required subsidiary ledgers.

Current Status

Resolved.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2012

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Numbers

2011-09 and 2011-33

Condition

During the year ended March 31, 2011, **the Authority** implemented a cost allocation plan. However, our review revealed inconsistency in the manner of allocation of costs. We noted instances where management was unable to provide support for the basis of common cost allocated. Further, costs were allocated in instances where the allocable costs, if any, had not been properly recorded to the cost object.

Recommendation

We recommended a review of the current cost allocation process to ensure the accurate capture and recordation of all transactions. Further, management should document the basis for and allocation of all shared costs. Pursuant to the requirements of A-87, management should on a semi-annual basis, ensure that employees working a single cost object or a supervisor with first hand knowledge of the work performed by such employees, certify that the employees worked only on that one cost object.

Current Status

Unresolved. See current year's report on other matters for reference number OM 2013-03.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2013

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Numbers

2011-10 and 2011-34

Condition

The Authority's December 2010 TENMAST rental register revealed the following conditions:

- o The rental register (rent roll) amount reflected an incorrect rent charge from the amount reflected on the tenant lease (the system charged a partial rent instead of the applicable month's full rent). Further, in another instance, an incorrect rent was charged due to the fact that **the Authority** failed to pro-rate the tenant's rent in the first partial month of occupancy.

Recommendation

Management should revisit with its current tenant rental processing to ensure that monthly rent transactions and other charges are complete and accurate.

Current Status

Unresolved. See current year's report on other matters reference number OM 2013-02.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2013

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Number

2011-11

Condition

The Authority does not have an approved investment policy.

Recommendation

Management should develop for board approval an investment policy pursuant to the requirements of State Law.

Current Status

Resolved.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2013

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Number

2011-12

Condition

We were unable to verify the timely submission of two (2) of ten (10) completed Form HUD 50058 by the Authority's personnel. In one (1) instance the form was submitted late.

Recommendation

We recommend that management call for the complete maintenance of reports or associated documentation to support the dates of completeness in the submission process.

Current Status

Unresolved. See current year's findings reference numbers 2013-06 and 2013-11.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2013

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Number

2011-14

Condition

In seven (7) of ten (10) tenant files reviewed, we noted no written evidence on file to support verification of all prior lease violations. However, we noted in some instances where **the Authority** had secured criminal reports.

In two (2) of the ten (10) files tested, the declaration of Section 214 status was either incomplete or missing for dependents.

One (1) of the ten (10) files tested, lacked a birth certificate for a dependent.

Annual income used in the computation of a tenant's payment was incorrect.

Recommendation

Management should ensure that all files contain the required information necessary to support the determination of each tenant's eligibility to participate in the housing program.

Current Status

Unresolved. See current year's finding reference number 2013-09.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2013

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Numbers

2011-17 and 2010-18

Condition

For three (3) tenants, the verified income amount did not agree to the amount used to compute each tenant's rent payment amount.

Recommendation

We recommend that management continue to review on a test basis, the completeness in certification and/or re-certification of tenant files on a periodic basis.

Current Status

Resolved.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2013

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Numbers

2011-18 and 2010-19

Condition

Based on review of the DHAP Program and records available, we noted the following:

- o DHAP financial transactions (HUD operating grants received) for the year ended March 31, 2011 were included in the records of the PHA Owned Housing Program.
- o The Authority did not maintain a HAP register for the DHAP program. As such, we were unable to verify the completeness in recorded HAP and/or associated program expenses for the year ended March 31, 2011.
- o The records for DHAP are not maintained in a complete and accurate manner to facilitate an effective and efficient audit.
- o The DHAP financial transactions (housing assistance payments and HUD operating grants) for the year ended March 31, 2010, were included in the records of the PHA Owned Housing Program as a net amount.
- o The Authority provided us with an "ACH" disbursement report in lieu of a HAP register. The report did not include all pertinent information required in a housing assistance payment register.
- o The records for DHAP are not maintained in a complete and accurate manner to facilitate a speedy and effective audit.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2013

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Numbers, Continued

2011-18 and 2010-19

Recommendation

Management should evaluate the conditions previously described and established adequate procedures to ensure compliance with the programmatic and financial requirements of the DHAP program. Furthermore, the system in place should ensure the completeness of information provided to support all financial transactions.

Current Status

Resolved.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2013

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Numbers

2011-20

Condition

In two (2) instance of fifteen (15) files tested, we noted where the calculated tenant rent payment amount was incorrect.

Recommendation

Management should continue to provide oversight of staff's work effort through periodic sampling of tenant files.

Current Status

Resolved.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2013

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Number

2011-21

Condition

Management of the Authority does not consistently maintain documented evidence to facilitate an independent review of its timely submission of Form HUD 50058. We noted in six (6) of fifteen (15) files tested no documented evidence to verify the timely submission of Form HUD 50058.

Recommendation

Management should revisit its current report submission process to ensure the documented submission of all Form HUD 50058.

Current Status

Unresolved. See current year's findings reference numbers 2013-06 and 2013-11.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2013

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Numbers

2011-23, 2010-13 and 2009-07

Condition

All 2011 tenant move-ins into the Authority's PHA Owned Housing Program based on our review lacked documented evidence to support the order of placement from the waiting list; because the waiting list is maintained on real time.

Recommendation

Management should maintain a waiting list pursuant to the requirements of 24 CFR sections 960.202 through 960.206.

Current Status

Unresolved. See current year's finding reference number 2013-10.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2013

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Numbers

2011-24 and 2010-18

Condition

In one (1) instance of the fifteen (15) files tested, the tenant's deduction for an allowance used by **the Authority** lacked a documented basis for the claim.

In another instance of the referenced files tested, a tenant's annual income calculation based on verified income was incorrectly computed by **the Authority**.

Recommendation

Management should enhance its oversight of tenant files processed to minimize, if not eliminate, the error in the certification and/or re-certification process.

Current Status

Resolved.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2013

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Numbers

2010-12, 2009-09, 2009-06, 2008-06 and 2008-07

Condition

In all twelve (12) tenant files reviewed, we noted no written evidence on file to support verification of all prior lease violations. However, we noted in some instances where, the Authority had secured criminal reports.

Recommendation

Management should ensure that all files contain the required information necessary to support the complete determination of each tenant's eligibility to participate in the housing program.

Current Status

Unresolved. See current year's finding reference number 2013-09.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2013

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Numbers

2010-21, 2009-11, 2008-09, 2004-02 and 2008-10

Condition

During the year ended March 31, 2010, all move-ins into the Authority's Voucher Program were through DHAP participants. Based on our review of the waiting list provided to us by the Authority, we noted that the listing was not up to date. Further, no recent analysis of the waiting list had been prepared.

The level of Housing Choice Voucher Program move-ins during the 2010 fiscal year has and continues to impact the lease-up level of the Voucher Program.

Recommendation

Management should maintain a waiting list pursuant to the requirements of 24 CFR section 982.202 through 982.207. Further, management should re-evaluate its outreach program in order to help maintain its required lease-up level.

Current Status

Resolved.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2013

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Numbers

2010-27 and 2007-18

Condition

In July 2009, the former executive director executed a check for \$13,000 payable to himself. We were unable to review any documents to support the disbursement.

The inscription on the check voucher section read disbursement for retro pay. Further, we noted that the payment was made through the accounts payable process and not payroll. As such, the disbursement was without the benefit and associated FICA taxes. We also noted that a 1099 was issued instead of inclusion in the Internal Revenue service form W-2 issued.

Recommendation

We recommended that the new management review the reference disbursement in terms of its validity.

Current Status

Resolved.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2013

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Numbers

2009-08 and 2008-08

Condition

In one (1) of the four (4) files reviewed, we noted no complete documented re-certification as required by regulation.

Recommendation

We recommended compliance with the requirements of 24 CFR, regarding tenant re-certification. Management should consider the use of resources available under its TENMAST software to generate and review compliance with re-certification.

Current Status

Unresolved. See current year's report on other matters for reference number OM 2013-02.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2013

Section IV - Status of Prior Year's Audit Findings and Questioned Costs, Continued

Reference Number

2007-19

Condition*

Two key employees obtained occupancy of two low income apartment units from January 1, 2006 to August 1, 2008.

Recommendation

It is recommended that **the Authority** follows federal rules and regulations regarding its housing programs.

Current Status

Unresolved. Ultimate resolution of this finding rests with HUD. Management of **the Authority** is currently in discussion with HUD for a resolution.

*Repeat

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2013

Section IV - Status of Prior Year's Audit Findings and Questioned Costs, Continued

Reference Number

2005-01 and 2005-03

Condition

As a result of the impact of Hurricane Katrina, certain documents such as cancelled checks, invoices, landlord payment registers, program participant file information, etc. were not available. **The Authority** was able to maintain its general ledger and other program data as its computer system is managed remotely by a service provider located outside of Louisiana.

Recommendation

We recommend that management evaluate its current disaster recovery plan with an aim geared towards ensuring the completeness of its records retention in the event of a disaster. The evaluation should include offsite storage opportunities by **the Authority's** financial and program software processing service provider. Also, management should continue the reconstruction of its program and financial records.

Current Status

Resolved.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2013

Section V - Other Matters

During the week of August 31, 2009 HUD performed on-site "SEMAP" review. The results of the review follows:

Reference Number

HUD - 08-02

Condition

The Authority is downloading incorrect data to the general ledger thereby reporting inaccurate financial records. The Tenant Accounts Receivable as per the financial statements as of December 31, 2007 reflects the amount of \$43,595 due to **the Authority**.

Corrective Action

The Authority must correct its financial statement to reflect the actual amount monies due to **the Authority** in Tenant Accounts Receivable. Submit a copy of the corrected statement with a Board resolution confirming completion of the task.

Current Status

Resolved.

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2013

Section V - Other Matters, Continued

Reference Number

HUD - 08-03

Condition*

The Authority has allowed two (2) employees to live rent and utility free in two (2) dwelling units for a period of at least 29 months.

Corrective Action

The Authority may either request HUD approval to house employees in public housing units or the two employees should immediately move-out of the units and the units should be rented to qualified applicants from the waiting list. Regardless of which option is chosen, you must provide evidence to show that the receipt of fringe benefits in the form of free lodging has been reported to IRS for the calendar years of 2005, 2006 and 2007.

Current Status

Unresolved. Ultimate resolution of this finding rests with HUD. Management of the **Authority** is currently in discussion with HUD for a resolution.

*Repeat

HOUSING AUTHORITY OF THE CITY OF SLIDELL
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2013

Section V - Other Matters, Continued

Reference Number

HUD - 08-06

Condition

The Authority continues to carry the residents from the Washington Heights site on the rental register. This site was destroyed by Hurricane Katrina in August, 2005. **The Authority** continues to add rental charges each month to those tenant's accounts.

Corrective Action

The Authority must maintain an accurate rental register on-site with the following information: tenant name, unit number, previous balance (if any), amount of rent charged for the month, other charges, amount paid, balance, and amount of security deposit on deposit. **The Authority** must delete the vacant tenants from the rental register. **The Authority** must submit a copy of the corrected rental register to the New Orleans HUD office.

In addition, **the Authority** must make an attempt to contact the former residents of the Washington Heights site who have relocated and refund security deposits that are due to them. In the event the residents are not found, **the Authority** must make a notation of the residents involved and maintain the deposits as payable to the residents. Submit a copy of the Board resolution confirming compliance to our office.

Current Status

Resolved.

HOUSING AUTHORITY OF THE CITY OF SLIDELL

EXIT CONFERENCE

The financial statements and all related reports, exhibits and schedules were discussed at an exit conference. Management is in agreement with the content of this report. Those that participated in the conference:

HOUSING AUTHORITY OF THE CITY OF SLIDELL

Ms. Shelia Danzey*	--	Executive Director
Ms. Susan Vaughn, CPA,	--	Fee Accountant
Ms. Lorraine Cox	--	Deputy Executive Director

BRUNO & TERVALON LLP, CERTIFIED PUBLIC ACCOUNTANTS

Mr. Paul K. Andoh, Sr., CPA, CGFM, MBA	--	Partner
Mr. Armand Pinkney	--	Manager

*Primary contact for the corrective planned actions.



Member
American Institute of
Certified Public Accountants
Society of Louisiana
Certified Public Accountants

Alcide J. Tervalon, Jr., CPA
Waldo J. Moret, Jr., CPA
Paul K. Andoh, Sr., CPA
Joseph A. Akanji, CPA

(Retired)
Michael B. Bruno, CPA (2011)

INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS RELATED TO INTERNAL CONTROL

Board of Commissioners
Housing Authority of the City of Slidell
Slidell, Louisiana

Management of **Housing Authority of the City of Slidell (the Authority)** is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit of the financial statements as of and for the year ended March 31, 2013, in accordance with auditing standards generally accepted in the United States of America, we considered **the Authority's** internal control over financial reporting as a basis for designing auditing procedures for the purpose of expressing an opinion on the financial statements and not for the purpose of expressing an opinion on the effectiveness of **the Authority's** internal control. Accordingly, we do not express an opinion on the effectiveness of **the Authority's** internal control.

As a part of our audit, we noted certain matters that are opportunities for strengthening internal control and improving operating efficiency. Also, we reviewed with management the status of prior year's other matters. We previously reported on **the Authority's** internal control in our report dated October 29, 2013. This letter does not affect our report dated October 29, 2013 on **the Authority's** internal control over financial reporting or its financial statements.

We will review the status of these matters during our next audit engagement. We have already discussed these other matters with management, and we will be pleased to discuss them in further detail at your convenience.

**INDEPENDENT AUDITORS' REPORT ON OTHER
MATTERS RELATED TO INTERNAL CONTROL**
(CONTINUED)

Current Year's Other Matters
2013

The following is a listing of the current year's other matters related to internal control:

Reference Number

OM 2013-01

Condition

Our testing of capital assets at March 31, 2013, revealed instances where the estimated useful lives used as a basis for depreciation on capital assets, appear to be excessive.

Recommendation

Management should provide further guidance to staff in the application of estimated useful lives for its capital assets by category. Such an undertaking facilitates the consistent application for financial statement reporting.

Management's Response and Planned Corrective Action

Management will provide additional training to staff in the application of established estimated useful lives for capital assets.

**INDEPENDENT AUDITORS' REPORT ON OTHER
MATTERS RELATED TO INTERNAL CONTROL**
(CONTINUED)

Current Year's Other Matters, Continued
2013

Reference Number
OM 2013-02

Condition

Our review of the tenant accounts receivable activities for the year ended March 31, 2013 revealed the following conditions:

- o No systematic process in place to ensure the timely processing of all tenant accounts related transactions utilizing the TENMAST software. This condition ultimately impacts the monthly reconciliation and analysis of rent charges, payments and resulting tenant account receivables.
- o Lack of effective communication between the Finance and designated program staff to timely resolve any and all reconciling issues.
- o Various tenant receivable transaction reports generated from the TENMAST software system do not align to the manual excel spreadsheet currently utilized to account for tenant account transactions, placement information (move-in/move-out) etc.

Recommendation

We recommend the following:

- o Management revisit with the current level of communication between the Finance and Low Rent Public Housing Program staff to facilitate timely and consistent application of established procedures to ensure the completeness in reported transactions.
- Further, staff should be trained in the use of the effective existing TENMAST software to attain the maximum utilization of existing applications.

Management's Response and Planned Corrective Action

Management has a planned training for all staff within the next sixty (60) days.

**INDEPENDENT AUDITORS' REPORT ON OTHER
MATTERS RELATED TO INTERNAL CONTROL
(CONTINUED)**

Current Year's Other Matters, Continued
2013

Reference Number

OM 2013-03

Condition

The Authority in 2012 implemented a cost allocation plan. However, our review revealed inconsistency in the manner of allocation of costs. We noted instances where the basis for the allocation of cost was other than the established basis.

Recommendation

We recommend that management continue to ensure the accurate capture and allocation of shared costs.

Management's Response and Planned Corrective Action

Management will provide additional training to staff within the next sixty (60) days to address the referenced condition.

**INDEPENDENT AUDITORS' REPORT ON OTHER
MATTERS RELATED TO INTERNAL CONTROL**
(CONTINUED)

Current Year's Other Matters, Continued
2013

Reference Number

OM 2013-04

Condition

Currently, the Authority does not have an established practice to ensure the consistent accounting treatment to all forfeited security deposits.

Recommendation

Management should require the monthly accounting for all forfeited security deposit transactions between the security deposit account and applicable transfer to the operating account.

Further, all move-outs requiring a refund in security deposit held should be recorded timely with the funds transferred from the deposit account to the operating account prior to payment.

Management's Response and Planned Corrective Action

Management will within the next sixty (60) days make mention to the referenced condition with its program and accounting staff.

**INDEPENDENT AUDITORS' REPORT ON OTHER
MATTERS RELATED TO INTERNAL CONTROL**
(CONTINUED)

Current Year's Other Matters, Continued
2013

Reference Number

OM 2013-05

Condition

Complete personnel files and State Civil Service approvals were not available for all employees to support authorized pay rates, hire dates and job classifications.

Recommendation

Management should continue in its efforts to seek the necessary Civil Service approval for all current employee positions.

Management's Response and Planned Corrective Action

Management has been in contact with the Civil Service Commission and anticipates resolution by December 31, 2013.

**INDEPENDENT AUDITORS' REPORT ON OTHER
MATTERS RELATED TO INTERNAL CONTROL**
(CONTINUED)

Prior Year's Other Matters
2012 and Prior

The following is a status of prior year's other matters related to internal control:

Reference Number

OM 2012-01

Condition

At March 31, 2012, the general ledger does not accurately reflect compensated absences payable.

Recommendation

Management should resolve the issues surrounding its ability to conclude on employee leave balances and to properly state its obligation for earned and unused vacation time.

Current Status

Resolved.

**INDEPENDENT AUDITORS' REPORT ON OTHER
MATTERS RELATED TO INTERNAL CONTROL
(CONTINUED)**

Prior Year's Other Matters, Continued
2012 and Prior

Reference Number

OM 2012-02

Condition

The March 31, 2012 subsidiary capital assets ledger revealed variances ranging between \$20 to \$4,800 for the 1405, 1406, 1450, 1465 and 1475 sub-account categories as compared to the respective general ledger control accounts.

Recommendation

Management should resolve the current out-of-balance condition and revisit with its established policies and procedures to ensure the timely resolution of all out-of-balance conditions.

Current Status

Resolved.

**INDEPENDENT AUDITORS' REPORT ON OTHER
MATTERS RELATED TO INTERNAL CONTROL**
(CONTINUED)

Prior Year's Other Matters, Continued
2012 and Prior

Reference Number

OM 2012-03

Condition

The Authority has the in-house capacity to design and generate reports outside of its current TENMAST software. We noted an instance where a report generated as a HAP register did not agree to the TENMAST system report.

Recommendation

We recommend that all reports designed and generated from **the Authority's** system should be aligned with the system's data at the general ledger level.

Current Status

Unresolved. See current year's section of this report for OM-2013-02.

**INDEPENDENT AUDITORS' REPORT ON OTHER
MATTERS RELATED TO INTERNAL CONTROL**
(CONTINUED)

Prior Year's Other Matters, Continued
2012 and Prior

Reference Number

OM 2012-04

Condition

Currently, **the Authority** uses a cost allocation methodology to allocate shared payroll costs. However, the time cards prepared to support the time and effort by staff do not indicate the specific program charged in instances where personnel have varying program responsibilities.

Recommendation

We recommend that management consider a time reporting process that will facilitate identification of the specific program charged based on work effort.

Current Status

Resolved.

**INDEPENDENT AUDITORS' REPORT ON OTHER
MATTERS RELATED TO INTERNAL CONTROL
(CONTINUED)**

Prior Year's Other Matters, Continued
2012 and Prior

Reference Number

OM 2011-01

Condition

Two (2) Low Rent Housing Program tenants, who moved out on April 30, 2010 (information based on move-out report), had no dwelling rental reflected in the rental register for the month ended April 30, 2010.

Recommendation

Management should continue to implement procedures geared toward the completeness in its rent roll.

Current Status

Resolved.

Reference Number

OM 2011-04

Condition

At March 31, 2011, the **Authority** has not prepared and submitted HUD Form 60002.

Recommendation

Management should prepare and submit Form HUD 60002.

Current Status

Unresolved. See current year's finding reference number 2013-07.

**INDEPENDENT AUDITORS' REPORT ON OTHER
MATTERS RELATED TO INTERNAL CONTROL
(CONTINUED)**

Prior Year's Other Matters, Continued
2012 and Prior

Reference Number

OM 2009-01

Condition

The December 31, 2009 and March 31, 2010 bank reconciliations included the following:

- o \$38,633 in stale dated checks at March 31, 2010, with some of the checks dating as far back as October 2007.
- o Unlocated supporting documents for check number 25133 for the amount of \$2,133.64 in the March 31, 2010 bank account reconciliation.
- o Out of balance condition amounting to \$1,457.63 in the March 31, 2010 bank account reconciliation.
- o Lack of a void check policy.
- o No evidence of supervisory review beyond the preparer for the bank account reconciliations.

Recommendation

Management should re-evaluate its current policies and procedures with an aim towards resolution of the above described condition.

Current Status

Resolved.

**INDEPENDENT AUDITORS' REPORT ON OTHER
MATTERS RELATED TO INTERNAL CONTROL
(CONTINUED)**

Prior Year's Other Matters, Continued
2012 and Prior

Reference Number

OM 2010-03

Condition

Interfund balances were not properly researched and reconciled to ensure that:

- o Interfund balances represent valid receivable and/or payables to and/or from the respective programs; and
- o Interfund balances net to zero.

Recommendation

Management should ensure the timely and accurate reconciliation of all interfund activities on a periodic basis. The reconciliation should ensure that the balances net to zero.

Current Status

Resolved.

**INDEPENDENT AUDITORS' REPORT ON OTHER
MATTERS RELATED TO INTERNAL CONTROL
(CONTINUED)**

Prior Year's Other Matters, Continued
2012 and Prior

Reference Number

OM 2010-05

Condition

HUD has initiated a review of the restricted net assets for all housing authorities. For the March 31, 2010 year end, the Authority has received an estimated net restricted asset balance for its Voucher Program for its concurrence.

Recommendation

Management should review the calculation and compare the amount to its general ledger recorded balance. Any resulting reclassification entries between the restricted and unrestricted net assets should be prepared and posted accordingly.

Current Status

Resolved.

**INDEPENDENT AUDITORS' REPORT ON OTHER
MATTERS RELATED TO INTERNAL CONTROL**
(CONTINUED)

Prior Year's Other Matters, Continued
2012 and Prior

Reference Number

OM 2010-06

Condition

The U. S. Department of Housing and Urban Development (HUD) requires housing authorities to include as supplementary information with the basic financial statements, as well as submit in electronic format, Financial Data Schedules (FDS).

Recommendation

All outstanding FDS reports should be filed and a system developed and implemented to ensure the timely filing of all future reports.

Current Status

Resolved.

**INDEPENDENT AUDITORS' REPORT ON OTHER
MATTERS RELATED TO INTERNAL CONTROL
(CONTINUED)**

Prior Year's Other Matters, Continued
2012 and Prior

Reference Number

OM 2009-05

Condition

Currently, **the Authority's** leased-up levels (Voucher and Public Housing Programs) have been significantly impacted by the events of hurricane Katrina.

Recommendation

We recommend that management continue to explore avenues to increase its current leased-up levels.

Current Status

Resolved.

**INDEPENDENT AUDITORS' REPORT ON OTHER
MATTERS RELATED TO INTERNAL CONTROL
(CONTINUED)**

Prior Year's Other Matters, Continued
2012 and Prior

Reference Number

OM 2009-07

Condition

The Authority does not maintain a current capital assets subsidiary ledger to account for all capital assets. Also, a depreciation schedule is not maintained with the periodic expense recorded on a timely basis.

Recommendation

We recommend that a capital assets schedule should be prepared to include the periodic depreciation computation and recordation. The schedules should be updated monthly.

Current Status

Resolved.

**INDEPENDENT AUDITORS' REPORT ON OTHER
MATTERS RELATED TO INTERNAL CONTROL
(CONTINUED)**

Prior Year's Other Matters, Continued
2012 and Prior

Reference Number

OM 2009-08

Condition

The Authority has not performed a comprehensive assessment of the costs associated with managing its various housing programs. Such a process should include a review of various costs allocated to the respective programs.

Recommendation

We recommend that management of the Authority undertake a comprehensive evaluation of its programs with an intent to align various programs to attain efficiency and cost containment.

Current Status

Resolved.

**INDEPENDENT AUDITORS' REPORT ON OTHER
MATTERS RELATED TO INTERNAL CONTROL**
(CONTINUED)

Prior Year's Other Matters, Continued
2012 and Prior

Reference Number

OM 2007-01

Condition

For the test month of September 2007, we were unable to trace rent collections by tenant to the validated bank deposits either individually or by batch as the validated deposit slips were unavailable.

Two (2) payments made to a credit card account lacked supporting documents to evidence the type of expenses incurred to include their allowability.

All sixteen (16) disbursements selected lacked evidence of cancellation to prevent the potential for further use.

Eleven (11) of sixteen (16) disbursements reviewed revealed absence of any evidence to support the clerical verification of the invoices prior to payment.

Eleven (11) of sixteen (16) disbursements reviewed lacked the appropriate evidence to facilitate our determination of the allowability of expenses incurred.

For thirteen (13) of the sixteen (16) transactions selected, we were unable to ascertain that the expenses have been charged to the appropriate cost category.

Recommendation

Management should re-evaluate its current internal control processes with an aim towards ensuring its completeness.

Current Status

Resolved.

**INDEPENDENT AUDITORS' REPORT ON OTHER
MATTERS RELATED TO INTERNAL CONTROL**
(CONTINUED)

The Authority's response to other matters identified in our audit is described in the accompanying report under the caption "Management's Response and Planned Corrective Action" or "Current Status". We did not audit the Authority's response and, accordingly, we express no opinion on it.

As always, we appreciate the courtesies extended to us by you and your staff during our audit. Should you have any questions or require further details, please do not hesitate to call.

This report is intended solely for the information of the Board of Commissioners, management, the Department of Housing and Urban Development and the Legislative Auditor for the State of Louisiana and is not intended to be, and should not be used by anyone other than those specified parties. Under the Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS
New Orleans, Louisiana

October 29, 2013